

*Mid-Biennium Initiatives*  
*State of Nebraska*  
*and Budget Adjustments*  
*1999-2001 Biennium*

January 2000

**Mike Johanns**  
**Governor**

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*and Budget Adjustments*  
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Presented by  
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**January 2000**

# STATE OF NEBRASKA

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Mike Johanns  
Governor

January 12, 2000

Mr. President, Mr. Speaker,  
and Members of the Legislature  
State Capitol Building  
Lincoln, NE 68509

Dear Mr. President and Senators:

Today I am presenting my recommendations for mid-biennium adjustments to the 1999-2001 biennial budget for your consideration. With these adjustments, I continue to emphasize the priorities of lower taxes, less government, building Nebraska's economy, and protecting our families, with an added focus on the health, safety, and development of Nebraska's children.

Reflecting these priorities, I recommend adding \$30 million to the Relief to Property Taxpayers Cash Fund established last year and distributing it through the Community College Aid formula to provide dollar-for-dollar property tax relief. Combined with the property tax credit provided to each taxpayer for FY2000-01 by LB881, my recommendation will increase taxpayer relief in FY2000-01 to \$65 million.

I propose to merge the Departments of Natural Resources and Water Resources. Through the better coordination of resources and elimination of jurisdictional confusion over water policy, this action will improve the delivery of services while resulting in long-term efficiencies. Another proposed merger, that of the Nebraska Railway Council and the Department of Roads, will save General Fund administrative costs and continue important rail line improvement projects. My proposal to expand Neb\*Sat Network 3 capacity will increase both efficiency and access in K-12 and postsecondary education. Further technology improvements and proposals will follow in the next biennium and will continue to increase the efficiency of state government.

To help strengthen and diversify the economy in Nebraska, I am proposing the Rural Economic Opportunities Act. This legislation will extend tax incentives in small and mid-sized counties for private employment and investment ventures which add full-time jobs and pay higher wages than average. The Nebraska Value-Added Agriculture Initiative will coordinate efforts to enhance agricultural profitability by adding value to agricultural products. To protect the state's resources, my recommendations include the necessary state General Funds to support litigation efforts in the areas of water rights and low-level radioactive waste.

The safety of our citizens will be further insured through employment of 12 additional State Troopers as I propose. Six will be funded in part through the federal Community Oriented Police Services (COPS) program and six through a federal highway safety grant. As recommended by the Crime Commission and the State Patrol, I have added funding to further develop the sharing of criminal justice information by state and local agencies.

My recommendations include a number of investments to secure a better future for our children. Funds are added to continue the successful School-to-Career program and to provide new support for youth mentoring. Recommendations advanced by the Governor's Business Council on Child Care to raise awareness about the importance of early brain development and high quality care will be given a priority this year. Another recommendation which will be undertaken in the coming year is that of coordinating multiple and duplicative boards and commissions for more efficient administration of early childhood care and education. Additional recommendations growing out of the Council's work will be prioritized in the coming biennium.

My adjustments include additional dollars for child care, child welfare services, and adoption assistance for families willing to provide caring homes for children eligible for adoption. My recommendation also includes an additional Foster Care Review Specialist to monitor children in out-of-home placement and further reserves the funding necessary to establish the State Disbursement Unit for child support payments as required by federal law.

As an outgrowth of the recently completed Juvenile Facilities Master Plan, I am recommending that either an existing facility be renovated or a new building be built to house a Parole Revocation program. In addition, operating funds are provided to begin a Wilderness Camp program for juvenile offenders. Both of these efforts address overcrowding at the Youth Rehabilitation and Treatment Centers and will allow staff at those facilities to more effectively treat the youth who are committed there for care.

Other investments include State General Fund support for a new Multipurpose Building at the Western Nebraska Veterans Home, funds to establish the Nebraska State Veterans' Cemetery System, and funding support for an anticipated deficit in the Medicaid budget.

During the Legislative session, I look forward to working with you in reviewing and implementing budget adjustments which will enable us to move forward through the biennium. I believe the priorities advanced in my recommendations will serve Nebraskans well as we begin the new millennium.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Johannns", written in a cursive style.

Mike Johannns  
Governor

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## General Fund Financial Status

The General Fund Financial Status provides a summary of the State's financial condition including the impact of the Governor's 2000 budget and taxation proposals. While Nebraska operates with a biennial budget, the version of the Status shown in this document includes an additional two years of estimated revenues and appropriations for planning purposes.

The revenue portion of the Status shows the net General Fund receipts for the current biennium that were adopted by the Economic Forecasting Advisory Board at its meeting in October of 1999. The net receipts projected for the following biennium were presented to the Tax Rate Review Committee in November of 1999 by the Legislative Fiscal Office and include a \$25.0 million adjustment to the previous FY2001-02 net receipts estimate as suggested by the Legislative Fiscal Office in that report. Legislation adopted during the 1998 and 1999 sessions of the Legislature included a number of transfers to and from the General Fund. The Governor's 2000 recommendations propose some changes to those transfers.

- The Governor is proposing the transfer of an additional \$3.0 million in FY1999-00 and \$3.0 million in FY2000-01 from the Securities Act Cash Fund to the General Fund.
- The General Fund transfers (included in LB 880 of 1999) to the Cash Reserve Fund have been reduced by \$2.5 million in FY1999-00 and \$2.5 million in FY2000-01.
- The Governor is recommending that the \$35.0 million transfer from the Cash Reserve Fund to the General Fund planned for August of 2001 be eliminated.

The revenue portion of the General Fund Financial Status also reflects the impact on the General Fund of the Governor's Rural Economic Opportunities Act and legislation proposing airport authority exemption from sales tax. Additional information on the Rural Economic Opportunities Act is included in this publication.

The Appropriations shown for the current biennium are those adopted during the 1999 Session of the Legislature; the amounts for the following biennium are those presented by the Legislative Fiscal Office to the Tax Rate Review Committee in November 1999 and include an adjustment of \$34.0 million in FY2001-02 and \$37.0 million in FY2002-03 from previous estimates to reflect a recalculation of the amount of State funds needed for the TEEOSA school aid formula. An additional adjustment of \$34.0 million in FY2001-02 is included to reflect the reappropriation of a like amount of TEEOSA school aid from FY2000-01 to FY2001-02. Over \$90.0 million is included in each of the two years of the following biennium to finance the drop in the school levy limit to \$1.00.

The appropriations portion of the Status also includes the amounts recommended by the Governor for Governor's budget and legislative initiatives, mid-biennium budget adjustments, and other legislation. These recommendations include the reappropriation of \$34.0 million of FY2000-01 general fund TEEOSA school aid appropriations to FY2001-02 to help finance (consistent with LB 881 of 1999) the drop in the school levy limit to \$1.00.

The ending balance portion of the Status shows the projected General Fund balance at the end of each biennium and the calculated reserve amount. For the current biennium, which is the period for which actual appropriations and transfers are being recommended, the projected balance meets the statutory requirement of three percent. This same condition exists for planning purposes for the following biennium. The balances shown on the General Fund Financial Status do not include balances in the Cash Reserve Fund.

## General Fund Financial Status

General Fund Financial Status	Current Biennium		Following Biennium	
	FY1999-00	FY2000-01	FY2001-02	FY2002-03
<b>Beginning Balance</b>				
Beginning Cash Balance	292,993,012	131,501,082	148,609,143	150,447,933
Cash Reserve Transfer - Automatic	(20,959,305)	(15,652,000)		
State Aid to Education Carryover			34,000,000	
Reappropriations	(126,223,185)		(34,000,000)	
Allocation for Potential Deficits			(2,500,000)	(2,500,000)
Unobligated Beginning Balance	145,810,522	115,849,082	146,109,143	147,947,933
<b>Estimated Revenue</b>				
Net Receipts	2,342,000,000	2,469,000,000	2,569,000,000	2,708,000,000
General Fund Transfers - In	3,000,000	3,000,000		
General Fund Transfers - Out	(11,123,988)	(5,350,000)	(350,000)	(350,000)
Cash Reserve Fund Transfers	(9,500,000)	18,500,000		
Rural Economic Opportunities Act		(471,463)	(702,579)	(974,545)
Other Tax Legislation		(600,000)	(832,000)	(865,000)
Total Net Revenue	2,324,376,012	2,484,078,537	2,567,115,421	2,705,810,455
<b>Appropriations</b>				
Current / Estimated	2,323,943,947	2,390,176,080	2,504,187,062	2,634,662,563
Claims	635,095			
Budget Adjustments	12,508,091	53,721,434	48,059,410	47,979,410
Governor's Budget Initiatives	520,000	959,364	4,567,314	4,567,314
Governor's Proposed Legislation		1,939,082	1,875,461	1,875,461
Other Legislation	1,078,319	4,522,516	4,087,384	4,460,860
Total Appropriations	2,338,685,452	2,451,318,476	2,562,776,631	2,693,545,608
<b>Annual Spending Growth Rate:</b>	<b>4.8%</b>	<b>4.8%</b>	<b>4.5%</b>	<b>5.1%</b>
<b>Biennial Spending Growth Rate:</b>		<b>4.8%</b>		<b>4.8%</b>
<b>Ending Balance</b>				
Dollar Ending Balance	131,501,082	148,609,143	150,447,933	160,212,780
Biennial Reserve (%)	--	3.00%	--	3.05%
Minimum Reserve	--	147,975,386	--	157,908,787
Variance from Minimum Reserve	--	633,757	--	2,303,993



## General Fund Appropriations Summary

### Governor's Budget Initiatives

Agency Name	Description	FY1999-00	FY2000-01
Agriculture	Value-Added Initiative	100,000	200,000
Economic Dev.	Value-Added Initiative	70,000	140,000
Labor	Business Condition Survey	35,000	90,000
Economic Dev.	Business Condition Survey	15,000	35,000
State Patrol	Community Oriented Police Services		176,814
Crime Comm.	Criminal Justice Info System Projects	300,000	
HHS - Services	Wilderness Camp		317,550
HHS - Services	Parole Revocation Facility		YES
<b>Appropriation Totals</b>		520,000	959,364
<b>Revenue Totals</b>		-	-

### Governor's Proposed Legislation

Agency Name	Description	FY1999-00	FY2000-01
Revenue	Rural Economic Opportunities Act		167,202
<i>Economic Dev.</i>	<i>Rural Economic Opportunities Act</i>		(471,463)
Economic Dev.	School to Career & Mentoring Initiative		1,500,000
State Patrol	Carrier Enforcement to State Troopers		271,880
<b>Appropriation Totals</b>		-	1,939,082
<b>Revenue Totals</b>		-	(471,463)

### Other Legislation

Agency Name	Description	FY1999-00	FY2000-01
Economic Dev.	Value-Added Initiative - Grants		250,000
<i>Revenue</i>	<i>Airport Authority Tax Exemption</i>		(600,000)
Veterans' Affairs	State Veterans' Cemetery System		300,000
HHS - Services	Multipurpose Bldg - WNVH		458,304
HHS - Fin. & Sup	Child Support - State Distribution Unit	1,060,389	2,884,346
HHS - Fin. & Sup	Adoption Payments		300,000
Corrections	Reimbursement for state prisoners		251,000
Legislature	Legislative Council	17,930	85,517
Railway Council	Incorporate Railway Council into Roads		(6,651)
<b>Appropriation Totals</b>		1,078,319	4,522,516
<b>Revenue Totals</b>		-	(600,000)

### Other Budget Adjustments

See "Mid-Biennium Initiatives and Budget Adjustments" page xxi

## General Fund Transfers

Status Items	Current Biennium		Following Biennium	
	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03
Transfers In:				
From Cash Reserve Fund		28,000,000	0	
From Securities Act Cash Fund	3,000,000	3,000,000		
From Vacant Building & Excess Land Fund		In Forecast		
Subtotal	<u>3,000,000</u>	<u>31,000,000</u>	<u>0</u>	<u>0</u>
Transfers Out:				
To Cash Reserve Fund	(9,500,000)	(9,500,000)		
To Ethanol Production Incentive Cash Fund	(6,000,000)	(5,000,000)		
To Hardship Fund	(2,773,988)			
To School Reorganization Fund	(2,000,000)			
To Child Abuse Prevention Fund	(250,000)	(250,000)	(250,000)	(250,000)
To Trail Development Assistance Fund	(100,000)	(100,000)	(100,000)	(100,000)
Subtotal	<u>(20,623,988)</u>	<u>(14,850,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>
Net Transfers	<u>(17,623,988)</u>	<u>16,150,000</u>	<u>(350,000)</u>	<u>(350,000)</u>

## **Cash Reserve Fund Status**

The Cash Reserve Fund was created in 1983 to provide a source of funds for temporary transfers to the State General Fund when balances were not sufficient to process expenditure transactions. The original balance in the Fund was accumulated through the imposition of an increase in the sales tax. The movement of monies between the Cash Reserve Fund and the General Fund for cash management purposes has been governed by a variety of legislation over the life of the Fund. Also, there have been several instances in which money was moved to and from the Cash Reserve Fund to accomplish policy initiatives that were not related to cash management.

The most recent legislative change to the operation of the Cash Reserve Fund occurred in 1996 with the passage of LB 1290. The legislation provided for an annual, rather than quarterly, comparison of actual General Fund receipts to the projections made by the Economic Forecasting Advisory Board. If actual receipts are found to be greater than the certified projection, a transfer in the amount of the difference is made from the General Fund to the Cash Reserve Fund. The most recent such transfer occurred in July of 1999 when approximately \$21.0 million was moved from the General Fund to the Cash Reserve Fund. The current estimate of the Economic Forecasting Advisory Board exceeds the certified forecast for FY 1999-00 which results in a projected transfer from the General Fund to the Cash Reserve Fund of \$15.7 million in July of 2000.

LB 881 of 1999 created the Relief to Property Taxpayers Cash Fund and established two transfers from the Cash Reserve Fund to the Relief to Property Taxpayers Cash Fund:

- \$30,000,000 in August of 1999 for dollar for dollar property tax relief for 1999 property taxes through the community college aid formula;
- \$35,000,000 in August of 2000 for a direct property tax relief for 2000 property taxes as a property tax credit.

The Governor is further recommending that an additional \$30,000,000 be transferred from the Cash Reserve Fund to the Relief to Property Taxpayers Cash Fund in August of 2000 for continued dollar-for-dollar property tax relief for year 2000 property taxes through the community college aid formula. This will deliver a total of \$65.0 million of property tax relief to taxpayers in FY2000-01.

The Governor is recommending that the \$35.0 million transfer from the Cash Reserve Fund to the General Fund planned for August of 2001 be eliminated. The budget recommendations provide for a reappropriation of \$34.0 million general fund TEO SA school aid from FY2000-01 to FY2001-02. For planning purposes, appropriations for FY2001-02 and FY2002-03 include over \$90.0 million each year to finance the drop in the school levy limit to \$1.00.

The Cash Reserve Fund Status shows the projected cash flow of the Cash Reserve Fund during the period covered by the Governor's recommendations outlined in this publication.

## Cash Reserve Fund Status

Status Items	Current Biennium		Following Biennium	
	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03
<b>Beginning Balance</b>	145,700,124	148,159,429	80,311,429	80,311,429
<b>Deposits:</b>				
Excess Revenue	20,959,305	15,652,000		
<b>Transfers In:</b>				
LB 1134 - Reorganized School Asst. Fund (Done 9/30/1999)	2,000,000			
LB 880 - General Fund via Securities Fund (On or after 6/15/2000; before 6/30/2000)	9,500,000			
LB 880 - General Fund via Securities Fund (On or after 6/15/2001; before 6/30/2001)		9,500,000		
<b>Transfers Out:</b>				
LB 881 - Relief to Property Taxpayers Fund (On 8/16/1999 for Community Colleges)	(30,000,000)			
LB 881 - Relief to Property Taxpayers Fund (On 8/16/2000 for Community Colleges)		(30,000,000)		
LB 881 - Relief to Property Taxpayers Fund (On 8/16/2000 for Property Tax Relief)		(35,000,000)		
LB 63 - General Fund (On 6/15/2001)		(28,000,000)		
LB 881 - General Fund (On 8/1/2000)			0	
<b>Ending Balance</b>	<u>148,159,429</u>	<u>80,311,429</u>	<u>80,311,429</u>	<u>80,311,429</u>

**Relief to Property Taxpayers Cash Fund**

Status Items	Current Biennium		Following Biennium	
	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03
<b>Beginning Balance</b>	0	0	0	0
<b>Transfers In:</b>				
From the Cash Reserve Fund	30,000,000	65,000,000		
Subtotal	<u>30,000,000</u>	<u>65,000,000</u>	<u>0</u>	<u>0</u>
<b>Payments:</b>				
Community College Aid	(30,000,000)	(30,000,000)		
Property Tax Credits		(35,000,000)		
Subtotal	<u>(30,000,000)</u>	<u>(65,000,000)</u>	<u>0</u>	<u>0</u>
<b>Ending Balance</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

# **Initiatives and Selected Budget Adjustments**

Governor Joh anns' budget initiatives for this mid-biennial session focus on five major priorities, including four emphasized in his program last year,

lower taxes

less government

building Nebraska's economy, and

protecting our families.

With these initiatives, a new priority is added: an emphasis on the health, safety, and development of Nebraska's children.

## Lower Taxes

***Property Tax Relief*** - The Governor's budget adds to the Property Tax Relief Initiative begun last session. Included in his recommendation is an additional \$30 million for the Relief to Property Taxpayers Cash Fund for FY2000-01. The \$30 million is to be distributed to the Community College Areas in the same manner as in FY1999-00, to provide dollar-for-dollar property tax relief. When combined with the property tax credit provided to each taxpayer in FY2000-01 by LB 881, this will deliver a total of \$65 million of property tax relief to taxpayers in FY2000-01.

***TEEOSA Reappropriation*** - The Governor is recommending that the General Fund balance of the appropriation for the Tax Equity and Educational Opportunities Support Act (TEEOSA) existing on June 30, 2001, be reappropriated to FY2001-02. This reappropriation will provide an estimated \$34,000,000 General Funds for state aid to schools and will allow for continued property tax relief when the school levy limit drops to \$1.00.

## Less Government

The Governor's initiatives include reductions in the size of government and improvements in technology which will positively impact the efficiency of state operations and enhance services to its citizens.

***Merging of Natural Resources and Water Resources*** - The Governor has endorsed the recommendation by the Director of the Department of Natural Resources and the Director of the Department of Water Resources that the two respective departments be merged into one code agency, with the new department being named the Nebraska Department of Natural Resources. Benefits anticipated from the proposal include improved service and coordination of resources, elimination of confusion over water policy jurisdiction, and efficiencies resulting in modest cost savings. Any short-term costs associated with this merger will be financed through efficiencies identified in the merger process.

***Railway Council and Department of Roads*** - The Governor is supporting legislation to incorporate the Nebraska Railway Council budget as part of the budget for the Nebraska Department of Roads. Roads Operations Cash Funds would be utilized for administrative operations, rather than State General Funds, with revolving funds from existing loans continuing to fund individual rail line improvement projects. The proposal would reduce paper work and increase efficiency in state

government by eliminating submission of an independent budget to the Governor and the Legislature, and by eliminating the need for printing daily and monthly financial statements for an additional separate agency. The Governor's budget captures the General Fund savings of \$6,651 and establishes a cash fund appropriation for operations and the revolving fund for rail line improvement projects in the Department of Roads budget.

***Technology Infrastructure*** - Development and maintenance of enterprise-wide information technology is a critical component of Nebraska's capital infrastructure. Governor Johanns has asked that this be made a focal point for the Nebraska Information Technology Commission, chaired by Lieutenant Governor David Maurstad, and the Office of the Chief Information Officer, as they develop a coordinated state plan for information technology development. The Governor is proposing that a dedicated source of revenue be established for this purpose. Beginning in FY2001-02, the State would continue the dedication of two cents of cigarette tax receipts to fund enterprise-wide technology infrastructure projects. Funds would be deposited in the Information Technology Infrastructure Cash Fund, which will be made permanent. Funds will be used in part for implementation of the Nebraska Information System.

***Nebraska Educational Telecommunications Commission (NETC)*** - From savings negotiated on a new lease for satellite/ transponder space, the Governor is recommending \$100,000 each year for ten years for the purposes of systematically replacing aging equipment in the Neb\*Sat 3 Network, expanding the capabilities, and improving the quality of the Network. The Governor's recommended appropriations for the biennium allow for the first two years of this funding.

## **Building Nebraska's Economy**

Nebraska has become a state with a two-track economy. One economy, in our more metropolitan or populated counties, continues to experience impressive job creation and investment. The rest of the State, made up of counties in rural Nebraska, is dependent on a struggling agricultural economy. The situation calls for investments to encourage changes and improvements over the long term to allow all of our citizens to participate in the strong economy. The budget includes several targeted initiatives toward this end.

***Rural Economic Opportunities Act*** - To strengthen and diversify the economy in Nebraska's small and mid-sized counties and to promote initiatives by Nebraska producers and processors to add value to Nebraska products, the Governor proposes to expand tax incentives for private business employment and investment ventures, with thresholds set according to the size of individual county labor forces. Projects would qualify for incentives by meeting the following criteria: adding full-time equivalent employment equal to at least one half of one percent of the county labor force, paying higher wages (125% of the average annual wage paid by all employers in the county), and investing a minimum of \$100,000 times one half of one percent of the county labor force.

Qualifying businesses in any county would be able to obtain tax credits offered by meeting the required levels of employment and investment. Those more likely to take advantage of this credit would be the small to mid-sized counties that cannot qualify for existing incentives under current law.

***Value-Added Initiative*** - In another effort to address the rural economic crisis, the Governor is launching the Nebraska Value-Added Agriculture Initiative, engaging the state's resources to enhance agricultural profitability. The Value-Added Initiative will be coordinated by the Departments of Agriculture and Economic Development and will focus on expanding the capacity of agricultural



producers and processors to create new value or increased value of food and non-food agricultural products. Strategies will be employed to develop processes used by in-state and out-of-state manufacturers and processors to affect demand for existing or new products. The program will work with producers and commodity boards to ensure a sufficient supply of newly demanded products and make certain that existing products and processes are coordinated with other efforts to stimulate demand.

The Governor is recommending dedicating \$1,055,000 at the Departments of Agriculture and Economic Development to support the Value-Added Initiative in FY2000-01. This includes \$340,000 additional General Funds, \$225,000 additional Cash Funds, and \$490,000 in redirected agency resources. The Governor's recommendation also includes FY1999-00 partial year funding of \$170,000 additional General Funds.

***Quarterly Business Conditions Survey*** - The Quarterly Business Conditions Survey provides unique and timely economic information about Nebraska, including revenue activity by industry type, hiring patterns, wage data by job-type and region, and other analysis. The survey is a collaborative effort between the Departments of Labor and Economic Development and the University of Nebraska-Bureau of Business Research. It had originally been funded as part of the Federal School-to-Work program but grant funds for the program have expired. General Funds of \$15,000 and \$35,000 in FY1999-00 and \$35,000 and \$90,000 in FY2000-01 to the Departments of Economic Development and Labor are included to continue conducting this important survey.

***Environmental Litigation*** - External challenges face the environment in Nebraska. In the area of states' water rights, Nebraska is currently involved in two separate lawsuits with neighboring states of Wyoming and Kansas. The Governor's recommendation includes an additional \$418,280 General Funds to support litigation efforts in Kansas v. Nebraska and an additional \$1,500,000 General Funds in Nebraska v. Wyoming. Nebraska is also facing litigation over issues with the licensing process of a low-level radioactive waste site. The Governor's recommendation includes \$3,997,000 General Funds in FY2000-01 for Nebraska's defense in this case.

## **Protecting Our Families**

The Governor continues to emphasize that Nebraska's Good Life relies in part on the safety and security of our communities. To that end, the Governor continues to endorse important law enforcement and public safety initiatives.

***Addition of 12 New State Troopers*** - General Funds of \$176,814 and \$158,466 Federal Funds are included in FY2000-01 to implement a Community Oriented Police Services (COPS) Universal Hiring Program (UHP) grant which has been awarded to the Nebraska State Patrol. The three-year federal award will allow for the deployment of six officers to a community policing function. State funding supports remaining salary, equipment, and training costs not covered by the federal grant. In addition, the Nebraska State Patrol has applied for a federal highway safety grant that will fund six more new state troopers and provide for selective enforcement activities. The Governor will seek additional State funding if federal support is not made available for this purpose.

***Criminal Justice Information System (CJIS)*** - The Governor is recommending continued emphasis on development of Criminal Justice Information Systems projects identified by the Crime Commission and State Patrol to improve Nebraska law enforcement efforts. The Governor is

recommending an additional \$300,000 General Funds for FY1999-00 and an additional \$200,000 federal funds for FY2000-01 for these projects.

***Carrier Enforcement Legislation*** - The Governor has reserved funding of \$271,880 General Funds and \$59,300 federal funds in FY2000-01 to implement legislation that would allow for a conversion of qualified carrier enforcement officers to the position of state trooper. The position of Carrier Enforcement Officer will be phased out over a period of time and replaced by the position of State Trooper. This legislation will help eliminate most of the officer retention problem within the Carrier Enforcement Division. Financing of this legislation will come exclusively from the General Fund and the Motor Carrier Safety Assistance Program federal grant. There will be no additional burden placed on gasoline tax revenues to implement this legislation.

***Law Enforcement Training Center Open Enrollment Legislation*** - The Governor supports legislation to expand the pool of trained applicants for law enforcement officer jobs within the state through an orderly conversion to an open enrollment, tuition-based law enforcement certification training program. Basic pre-certification training would be completed through approved courses at the University of Nebraska, the state colleges, the state community colleges or private institutions, prior to enrolling in a basic law enforcement training program. The program will reduce salary training costs at the local level while providing an available pool of qualified and trained applicants to refill law enforcement vacancies on a more timely basis.

## **Health, Safety, and Development of Our Children**

The Governor has made the health, safety, and development of the state's children a priority during his first year in office. A number of additional investments in children are included in the mid-biennial adjustment, and the Governor is committed to reviewing the larger picture of children's needs and how the state can most wisely allocate its resources for the good of all children in the state.

***School-to-Career and Mentoring Programs*** - The Federal School-to-Work Opportunities Act was signed into law in 1994, creating School-to-Work systems in all states. Federal funding has expired, but the Governor has included \$1 million General Fund to continue this effective program in Nebraska. Our program, called School-to-Career, includes the following components: (1) school-based learning, which provides students with opportunities for career exploration, instruction in both academic and vocational/technical skills, and guidance in identifying educational and occupational goals; (2) work-based learning, which consists of workplace mentoring, job training, work experiences, instruction in workplace competencies, and instruction in all aspects of the sponsoring industry; (3) connecting activities which link school-based and work-based learning. Over the past four years in Nebraska, 20 School-to-Career partnerships serving over 224,000 students and involving over 8,500 businesses have been established. The program has been highly successful, and a state investment will allow it to move forward.

As part of this effort, the Governor is also proposing \$500,000 General Funds for **youth mentoring programs**. The Department of Economic Development will assist with creation and ongoing support of these programs and may award grants under a competitive process to programs, networks, or partnerships. The mentoring program will focus on building structured relationships between a youth and an adult, which offer support, guidance and education to augment existing parental and community support available to youth.

***Omaha Learning Extensions Program*** - The Governor's proposal supports the continuation of a pilot program funded this past fiscal year to provide services to enhance the safety and self-sufficiency of children, families, and communities. The Learning Extensions program, created through a partnership of the Omaha Public Schools, Omaha Together One Community (OTOC) and the Department of Health and Human Services, will be continued using reallocated funds. The program will develop parent/school core teams in up to 7 schools in Omaha. Increased parental involvement, fostered by the program, is expected to improve academic performance of students in these schools, resulting in higher test scores, greater equality in learning readiness, increased ability to move to the next grade level, and fewer school drop-outs.

***Child Care Council Recommendations*** - Governor Johanns established the Business Council on Child Care Financing in June 1999. The Council's mission was to examine child care issues from a business perspective and recommend ways to improve the access to, and affordability of, high quality child care in Nebraska. On November 30, 1999, the Council completed its work and issued findings and five key recommendations: 1) establish a Governor's Business Partnership for Quality Child Care; 2) raise awareness about the importance of early brain development and high quality care; 3) heighten early childhood education provider training requirements; 4) address multiple and duplicative public entities currently responsible for administering, monitoring, and managing early childhood care and education; and, 5) create new sources of financing dedicated to early childhood development initiatives.

Based upon these central recommendations, Governor Johanns has elected, for the year 2000, to undertake executive branch actions which tackle the issue of raising public awareness of the importance of early brain development and high quality care and the issue of duplicative state government efforts regarding the administration, monitoring, and managing of ongoing early childhood care and education activities. None of the Governor's actions requires new legislation or budgetary resources. Additional legislation and budget initiatives are anticipated in this area in 2001.

***Support for Child Care*** - Utilization of the Child Care Assistance program has grown dramatically in the last year, creating an estimated shortfall of \$13.4 million in FY1999-00 and \$14.9 million in FY2000-01. The Governor is committing \$3.65 million General Funds for FY1999-00 and \$3.4 million in FY2000-01, also approving the investment of \$9 million the first year and \$10 million the second year in welfare reform savings toward the deficit, and supporting an agency proposal to carefully review requests for assistance, with the intention of saving \$750,000 in the first year and \$1.5 million on an on-going basis in possible inaccurate payments. The Governor is inviting the Legislature to review the issue of child care assistance with him to identify a level for assistance and the necessary funding to maintain this program in a form which ensures its long-term viability.

***Child Welfare Services*** - The Governor is recommending additional funding for child welfare services. An increasing number of juveniles are being placed in state custody by the courts, and services are required to address the needs of these youngsters. The Governor is including additional General Funds for child welfare services in the amounts of \$4.2 million in FY1999-00 and \$6.8 million in FY2000-01, with the understanding that the Department will actively pursue available federal matching funds wherever possible to limit the impact on the state's General Fund.

***Children's Health Insurance Transfer*** - Projections for the number of children who would enroll in the Children's Health Insurance Program who were Medicaid eligible did not adequately anticipate the amount in services which would be needed to serve these children, creating an anticipated shortfall in the Medicaid program. The Governor's recommendation includes the transfer of \$2,000,000 Cash Funds and \$5,304,602 in Federal Funds in FY1999-00 and \$2,000,000 in Cash

Funds and \$5,304,602 in Federal Funds in FY2000-01 from Program 344, the Children's Health Insurance Program to Program 348, Medicaid, to address this deficit situation.

***Adoption Assistance*** - The best place for a child to grow up is in a loving family. The Governor feels very strongly that families who are willing should be encouraged to give youngsters the opportunity for a good home. The adoption assistance initiative, LB 482, was introduced last year by Senator Gerald Matzke. As altered by the pending Committee amendments, it would give families \$1,000 a year for up to 5 years upon the adoption of a child who is a ward of the state. This legislative bill is on General File. The Governor's budget reserves \$300,000 in FY2000-01 to fund this proposal.

***Foster Care Review Board Specialist*** - The Governor's budget includes funding for the Foster Care Review Board to hire an additional Review Specialist to monitor the placement of children in out-of-home care. The increase in the number of state wards has affected the work load of the Board, such that an additional Specialist is needed. The recommendation allows \$36,200 in additional General Funds and \$11,122 in Federal Funds for FY2000-01 to fund the position.

***Juvenile Services - Parole Revocation Facility*** - In 1999, an investment of over \$1.15 million was made in juvenile correctional facilities to speed the accomplishment of high priority renovations at the Geneva and Kearney Youth Rehabilitation and Treatment Centers (YRTC's). Significant improvements at both facilities are underway and nearing completion. Numerous infrastructure, fire and life safety, environmental, and security concerns have been addressed.

Funds were provided to accomplish a comprehensive juvenile facilities master plan, to analyze and prioritize facility and programmatic needs within the system. Planning money to accomplish program statements for the highest priority construction projects was also included in the first year funding. For FY2000-01, \$2.2 million was left in place with the intention of allowing an immediate start for those projects deemed to be of the highest priority by the study, and for which program statements were completed.

The master plan has been completed, and a facility to house juvenile parole violators is a high priority need to more appropriately serve youth who violate their parole agreements. The project would also help relieve overcrowding at the YRTC's, enabling longer stays at the treatment centers when necessary and improved prospects for successful treatment of youth in the YRTC program. Health and Human Services, in conjunction with the State Building Division, will accomplish a program statement on this project in the upcoming months. The Governor's proposal directs the use of the \$2.2 million already appropriated, along with some available federal Violent Offender Incarceration/Truth-in-Sentencing (VOI/TIS) grant monies to complete this project.

***Juvenile Services - Wilderness Camp*** - Another high priority defined by the Juvenile Facility Master Plan is the need for a Wilderness Camp program, again to provide more appropriate treatment and to reduce over-crowding at the YRTC. This project would provide rehabilitation for non-violent youthful offenders committed to the YRTC at Kearney who are considered to be at high risk of re-offending. Training will focus on learning pro-social behavior, independent living skills, and responsibility. The Governor's budget utilizes \$2,857,950 of available VOI/TIS funds, along with \$317,550 of General Fund match to institute this program in FY2000-01. On-going support for the program will come from the General Fund.

***Child Support - State Disbursement Unit*** - Federal law requires all states to establish a single State Disbursement Unit to handle wage withholding, assistance-related, and other child support payments. LB 637 was passed last year which allowed Health and Human Services to move forward

with computer changes required to implement the unit. Additional Legislative involvement is required before the agency can fully implement the federal mandate. The Governor's budget reserves \$1,060,389 General Funds and \$2,058,402 federal funds for this project for the current fiscal year and \$2,884,346 General and \$5,599,026 federal funds for FY2000-01.

## **Other Initiatives and Adjustments**

***Western Nebraska Veterans Home - Multipurpose Building*** - The Governor endorses the Western Nebraska Veterans Home request and Senator Adrian Smith's proposal to build a multi-purpose facility on the Scottsbluff campus. The General Fund appropriation will raise the priority of the HHS request for matching funds from the State Home Construction Grant Program through the federal Veterans Administration. The Governor has left room in his budget for the \$458,304 General Fund appropriation.

***Veterans' Cemetery System*** - The Governor favors efforts to construct and establish a Nebraska State Veterans' Cemetery System. He will support legislation to be introduced for this purpose and endorses the appropriation of \$300,000 State Building Funds to the Department of Veterans' Affairs, which is anticipated to be necessary in FY2000-01 for costs related to initial design and development of the cemetery sites at Grand Island and Alliance.

***Medicaid Deficit*** - Although not an initiative, the Governor acknowledges the projection of the Health and Human Services System that the amount previously appropriated to fund Medicaid for the biennium is not adequate to meet the projected need. The Governor's budget includes a General Fund increase of \$2.4 million in FY1999-00 and \$30 million in FY2000-01 to address such issues as a decrease in the Federal participation rate for the program, increasing costs of prescription drugs, higher contractual costs, and increasing numbers of people qualifying for Medicaid benefits.

***Disability Medical, Job Support, State Supplement*** - The Governor's recommendation also includes an additional \$2.6 million General Funds in FY1999-00 and \$4 million in FY2000-01 to fund unexpected increases in the Public Assistance Program, including Disability Medical, Job Support, and State Supplement.

***Maintenance Building - Chadron State College*** - The Governor's recommendation includes \$27,910 of State Building Funds in FY2000-01 for additional planning through design development for demolition and replacement of the Maintenance Building at Chadron State College.

In conclusion, the initiatives and recommendations presented in detail on the following pages underscore the Governor's commitment to fund our state's priorities, balanced with fiscal restraint and a continuing effort to provide tax relief. Governor Johanns' agenda of lower taxes, less government, building Nebraska's economy, protecting our families, and providing for the health, safety, and development of Nebraska's children is clear throughout this document. With the adoption of these recommendations, Nebraska will be well-positioned at the beginning of the 21<sup>st</sup> Century.

# **Summary of Mid-Biennium Initiatives and Budget Adjustments**

## Mid-Biennium Initiatives & Budget Adjustments

Agy#	Agency Name	Pgm#	Description	Fund	FY 00 Total Request	FY 01 Total Request	FY 00 Total Recom	FY 01 Total Recom
<b>General Government</b>								
7	Energy Ofc, NE	106	Correct cash authority	Cash	100,000	50,000	100,000	50,000
7	Energy Ofc, NE	106	Waste minimization loans	Cash	100,000	150,000	100,000	150,000
3	Legislature	123	Census Redistricting Transfer	Gen	-	-	-	-
3	Legislature	126	Census Redistricting Transfer	Gen	-	-	-	-
3	Legislature	123	Census Redistricting Transfer	PSL	-	-	-	-
3	Legislature	126	Census Redistricting Transfer	PSL	-	-	-	-
3	Legislature	122	Fiscal Office - CGE Model	Gen	(19,477)	-	-	-
3	Legislature	638	Fiscal Office - CGE Model	Gen	19,477	40,653	-	-
3	Legislature	638	Fiscal Office - CGE Model	PSL	19,477	36,287	-	-
3	Legislature	504	Ombudsman's Office - Staff	Gen	17,930	44,864	-	-
3	Legislature	504	Ombudsman's Office - Staff	PSL	9,293	31,986	-	-
<b>Agriculture, Environment, and Natural Resources</b>								
18	Agriculture	513	Value-Added Initiative	Gen	-	-	100,000	200,000
18	Agriculture	513	Value-Added Initiative	Cash	-	-	200,000	225,000
52	Bd of Ag	921	Addition to Agriculture Hall	Gen	-	1,100,000	-	0
52	Bd of Ag	921	Addition to Agriculture Hall	Cash	-	900,000	-	0
84	Environ. Quality	513	Livestock pollution prevention	Gen	119,966	183,024	119,966	183,024
84	Environ. Quality	513	Livestock pollution prevention	Cash	(119,966)	(183,024)	(119,966)	(183,024)
84	Environ. Quality	585	Low Level Radioactive Waste	Gen	-	3,997,000	-	3,997,000
84	Environ. Quality	513	Superfund site remediation	Gen	9,500	70,000	9,500	70,000
74	Power Review	72	Energy forums	Cash	15,000	15,000	15,000	15,000
29	Water Res.	331	Kansas vs. Nebraska	Gen	139,427	278,853	139,427	278,853
29	Water Res.	331	Nebraska vs. Wyoming	Gen	-	1,500,000	-	1,500,000
<b>Economic Development</b>								
66	Abstracters	58	Salary Increase	Cash	3,593	3,593	0	0
66	Abstracters	58	Salary Increase	PSL	3,593	3,593	577	0
72	Economic Dev.	603	Business Conditions Survey	Gen	-	-	15,000	35,000
72	Economic Dev.	603	Value-Added Initiative	Gen	-	-	70,000	140,000
72	Economic Dev.	600	Value-Added Initiative	PSL	-	-	(12,404)	(24,807)
72	Economic Dev.	603	Value-Added Initiative	PSL	-	-	30,904	61,807
23	Labor	31	Business Conditions Survey	Gen	-	-	35,000	90,000
14	Public Svs Com.	14	Health benefits cost	Gen	3,305	6,110	3,305	6,110
<b>Human Resources Development</b>								
83	Comm. Colleges	152	Property tax relief	Cash	-	-	-	30,000,000
48	Coord. Comm.	640	Part-time staff	PSL	21,000	-	21,000	-
13	Education	25	Assessment of Education Progress	Gen	80,000	(80,000)	80,000	(80,000)
13	Education	25	Employee retirement	Gen	16,577	-	0	-
13	Education	25	Employee retirement	Fed	7,930	-	0	-
13	Education	25	Employee retirement	PSL	21,285	-	0	-
13	Education	25	Enrollment Option Transportation	Gen	25,000	-	0	-
13	Education	25	Education Project	Gen	77,900	77,950	0	0
13	Education	25	Education Project	PSL	47,500	48,800	0	0
13	Education	25	Education Project - Intent	Gen	-	-	YES	YES

## Mid-Biennium Initiatives & Budget Adjustments

Agy#	Agency Name	Pgm#	Description	Fund	FY 00 Total Request	FY 01 Total Request	FY 00 Total Recom	FY 01 Total Recom
<b>13</b>	<b>Education</b>	<b>25</b>	<b>Reappropriate TEEOSA Aid</b>	<b>Gen</b>	-	-	-	<b>YES</b>
13	Education	25	School finance reporting	Gen	-	221,625	-	0
13	Education	25	School finance reporting	PSL	-	50,000	-	0
47	Ed Tele Com, NE	566	LB 860 costs - appropriation	Cash	-	-	9,973	14,212
47	Ed Tele Com, NE	533	LB 860 costs - legislation	Cash	-	-	NO	NO
47	Ed Tele Com, NE	901	Multi-Conference Unit, CODECS	Gen	-	-	100,000	100,000
47	Ed Tele Com, NE	533	NEB*SAT Network 3 maintenance	Gen	-	14,000	-	0
47	Ed Tele Com, NE	901	NEB*SAT Network 3 upgrade	Cash	218,080	-	691,702	-
47	Ed Tele Com, NE	533	OC-3 ATM circuit	Gen	-	100,000	-	100,000
47	Ed Tele Com, NE	911	Satellite - lease savings	Gen	(240,000)	(300,000)	(240,000)	(300,000)
70	Foster Care	116	Review specialist	Gen	-	47,322	-	36,200
70	Foster Care	116	Review specialist	Fed	-	-	-	11,122
70	Foster Care	116	Review specialist	PSL	-	28,536	-	28,536
20	HHS - Reg & Lics	177	Child care licensing PSL	PSL	134,319	138,718	134,319	138,718
20	HHS - Reg & Lics	177	Critical incident management	Cash	15,000	15,000	15,000	15,000
20	HHS - Reg & Lics	177	Food Stamps investigators	Gen	50,860	101,720	50,860	101,720
20	HHS - Reg & Lics	177	Food Stamps investigators	PSL	41,016	82,032	41,016	82,032
20	HHS - Reg & Lics	177	Lead-based paint certification	Cash	40,000	40,000	40,000	40,000
20	HHS - Reg & Lics	177	Transfer tuition assistance	Gen	(4,885)	(4,885)	(4,885)	(4,885)
20	HHS - Reg & Lics	178	Transfer tuition assistance	Cash	(778)	(778)	(778)	(778)
20	HHS - Reg & Lics	177	Water specialist PSL	PSL	68,969	87,287	68,969	87,287
25	HHS - Services	33	Additional cash grants	Cash	112,500	250,000	112,500	250,000
25	HHS - Services	365	Food services transfer	Cash	(363,170)	(375,876)	(363,170)	(375,876)
25	HHS - Services	519	Food services transfer	Cash	893,149	916,769	893,149	916,769
25	HHS - Services	365	Food services transfer	PSL	(541,976)	(556,935)	(541,976)	(556,935)
25	HHS - Services	519	Food services transfer	PSL	541,976	556,935	541,976	556,935
25	HHS - Services	33	Food Stamps investigators	Gen	(50,860)	(101,720)	(50,860)	(101,720)
25	HHS - Services	33	Food Stamps investigators	PSL	(41,016)	(82,032)	(41,016)	(82,032)
<b>25</b>	<b>HHS - Services</b>	<b>917</b>	<b>Parole Revocation Facility</b>	<b>Gen</b>	-	-	-	<b>YES</b>
<b>25</b>	<b>HHS - Services</b>	<b>917</b>	<b>Parole Revocation Facility</b>	<b>Fed</b>	-	-	-	<b>242,050</b>
25	HHS - Services	346	Transfer encumbered funds	Gen	(65,005)	-	YES	-
25	HHS - Services	33	Transfer training specialist	Gen	(20,849)	(21,351)	(20,849)	(21,351)
25	HHS - Services	33	Transfer training specialist	Fed	(20,848)	(21,350)	(20,848)	(21,350)
25	HHS - Services	33	Transfer training specialist	PSL	(29,393)	(29,981)	(29,393)	(29,981)
25	HHS - Services	33	Transfer tuition assistance	Gen	(31,670)	(31,670)	(31,670)	(31,670)
25	HHS - Services	250	Transfer tuition assistance	Gen	(3,620)	(3,620)	(3,620)	(3,620)
25	HHS - Services	355	Transfer tuition assistance	Gen	(542)	(542)	(542)	(542)
25	HHS - Services	365	Transfer tuition assistance	Gen	(19,816)	(19,816)	(19,816)	(19,816)
25	HHS - Services	421	Transfer tuition assistance	Gen	(9,079)	(9,079)	(9,079)	(9,079)
25	HHS - Services	519	Transfer tuition assistance	Gen	(12,198)	(12,198)	(12,198)	(12,198)
<b>25</b>	<b>HHS - Services</b>	<b>250</b>	<b>Wilderness camp</b>	<b>Gen</b>	-	-	-	<b>317,550</b>
<b>25</b>	<b>HHS - Services</b>	<b>250</b>	<b>Wilderness camp</b>	<b>Fed</b>	-	-	-	<b>2,857,950</b>
26	HHS - Fin. & Sup	347	Child Care	Gen	3,650,000	3,400,000	3,650,000	3,400,000
26	HHS - Fin. & Sup	347	Child Care	Fed	2,000,000	-	2,000,000	-
26	HHS - Fin. & Sup	347	Child Welfare	Gen	4,150,000	6,800,000	4,150,000	6,800,000
26	HHS - Fin. & Sup	347	Child Welfare	Fed	1,750,000	1,000,000	1,750,000	1,000,000
26	HHS - Fin. & Sup	344	Children's Health Insurance	Cash	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
26	HHS - Fin. & Sup	348	Children's Health Insurance	Cash	2,000,000	2,000,000	2,000,000	2,000,000



## Mid-Biennium Initiatives & Budget Adjustments

Agy#	Agency Name	Pgm#	Description	Fund	FY 00 Total Request	FY 01 Total Request	FY 00 Total Recom	FY 01 Total Recom
26	HHS - Fin. & Sup	344	Children's Health Insurance	Fed	(5,304,602)	(5,304,602)	(5,304,602)	(5,304,602)
26	HHS - Fin. & Sup	348	Children's Health Insurance	Fed	3,112,474	3,112,474	3,112,474	3,112,474
26	HHS - Fin. & Sup	347	Disability, State Supp., Job Support	Gen	2,600,000	4,000,000	2,600,000	4,000,000
26	HHS - Fin. & Sup	348	Medicaid	Gen	2,400,000	30,000,000	2,400,000	30,000,000
26	HHS - Fin. & Sup	348	Medicaid	Fed	3,734,969	45,958,982	3,734,969	45,958,982
26	HHS - Fin. & Sup	341	Medicaid PSL	PSL	337,761	348,823	337,761	348,823
26	HHS - Fin. & Sup	341	Replace Child Support Funding	Gen	1,300,000	310,000	1,300,000	310,000
26	HHS - Fin. & Sup.	347	Transfer encumbered funds	Gen	65,005	-	YES	-
26	HHS - Fin. & Sup	348	Transfer encumbered funds	Gen	1,482	-	YES	-
26	HHS - Fin. & Sup	349	Transfer encumbered funds	Gen	(1,482)	-	YES	-
26	HHS - Fin. & Sup	341	Transfer training specialist	Gen	20,849	21,351	20,849	21,351
26	HHS - Fin. & Sup	341	Transfer training specialist	Fed	20,848	21,350	20,848	21,350
26	HHS - Fin. & Sup	341	Transfer training specialist	PSL	29,393	29,981	29,393	29,981
26	HHS - Fin. & Sup	341	Transfer tuition assistance	Gen	81,810	81,810	81,810	81,810
26	HHS - Fin. & Sup	341	Transfer tuition assistance	Cash	778	778	778	778
26	HHS - Fin. & Sup	514	WIC rebate revenue	Cash	1,300,000	1,300,000	1,300,000	1,300,000
54	Historical Society	648	Cheyenne barracks marker	Gen	2,000	-	2,000	-
54	Historical Society	648	Children's museum lease	Gen	-	164,000	-	0
54	Historical Society	954	Headquarters renovation	Gen	-	84,696	-	0
50	St Col -Peru	826	Security officer	Gen	-	31,298	-	0
50	St Col-Chadron	807	2% - Depreciation: Miller Hall	Gen	-	-	(49,638)	-
50	St Col-Chadron	934	Rebuild maintenance building	Gen	-	996,170	-	27,910
50	St Col-Chadron	806	Security supervisor	Gen	-	39,788	-	0
50	St Col-Peru	927	Change appropriation balance	-	-	-	YES	-
50	St Col-Peru	991	Hazardous material	Gen	-	126,725	-	29,950
50	St Col-Peru	994	Security Equipment	Gen	48,854	-	0	0
50	St Col-Peru	995	Sewage pump	Gen	20,000	-	-	0
50	St Col-Wayne	837	2% - Depreciation: Connell	Gen	-	-	(85,262)	-
50	St Col-Wayne	938	Ramsey hazardous material	Gen	-	788,104	-	0
50	St Col-Wayne	836	Security officer II	Gen	-	30,100	-	0
51	University of Ne	781	2% - Depreciation: IST&E	Gen	-	-	(375,000)	-
51	University of Ne	781	2% - Depreciation: NCTA	Gen	-	-	(20,755)	-
51	University of Ne	915	Correct fund reference	Cash	(80,973)	(70,000)	(80,973)	(70,000)
51	University of Ne	937	Correct fund reference	Cash	(274,549)	(200,000)	(274,549)	(200,000)
51	University of Ne	915	Correct fund reference	Othr	80,973	70,000	80,973	70,000
51	University of Ne	937	Correct fund reference	Othr	274,549	200,000	274,549	200,000
51	University of Ne	781	Health care costs	Gen	3,123,647	5,448,297	2,000,000	2,000,000
51	University of Ne	946	Lapse appropriations balance	Cash	-	-	YES	-
51	University of Ne	979	Lapse appropriations balance	Cash	-	-	YES	-
51	University of Ne	980	Lapse appropriations balance	Cash	-	-	YES	-
<b>Public Finance</b>								
65	Admin. Services		Adjust fund transfers		-	-	YES	-
65	Admin. Services	560	Change Exec. Bldg	Rev	-	218,242	-	218,242
65	Admin. Services	920	Change Exec. Bldg	Rev	(565,000)	(218,242)	(565,000)	(218,242)
65	Admin. Services	560	Change Exec. Bldg	PSL	-	(12,157)	-	(12,157)
65	Admin. Services		Fund transfer legislation		-	-	YES	YES
65	Admin. Services	560	Maintenance-G.I. Training Center	Rev	-	49,111	-	49,111
65	Admin. Services	560	Maintenance-G.I. Training Center	PSL	-	31,870	-	31,870

## Mid-Biennium Initiatives & Budget Adjustments

Agy#	Agency Name	Pgm#	Description	Fund	FY 00 Total Request	FY 01 Total Request	FY 00 Total Recom	FY 01 Total Recom
65	Admin. Services	625	Nebraska Information System	Gen	-	-	-	1,000,000
65	Admin. Services	625	Nebraska Information System	Cash	-	-	-	5,455,250
65	Admin. Services	171	Postage/mail management	Rev	1,300,000	1,300,000	1,300,000	1,300,000
65	Admin. Services	567	Printing & computer maintenance	Rev	263,028	263,028	263,028	263,028
65	Admin. Services	171	Subscriptions, ads, & notices	Rev	510,000	855,000	255,000	745,421
65	Admin. Services	591	Tort Claims balance	Gen	-	-	-	(157,330)
65	Admin. Services	591	Tort Claims balance	Cash	-	-	-	157,330
65	Admin. Services	180	Vehicle Maintenance	Rev	-	-	-	55,000
96	Property Tax	112	Greeley/Hitchcock Co. assessment	Gen	-	404,124	-	404,124
96	Property Tax	112	Greeley/Hitchcock Co. assessment	PSL	-	211,621	-	211,621
96	Property Tax	132	Reappropriate balance	Cash	-	-	YES	YES
85	Retirement	41	Office relocation	Cash	36,852	54,844	0	0
85	Retirement	515	Retirement Aid	Gen	(2,400)	(150,359)	(2,400)	(150,359)
85	Retirement	41	Technology plan	Cash	-	65,381	0	0
85	Retirement	41	Technology plan	PSL	12,000	141,246	0	0
16	Revenue	108	Homestead Exemption estimate	Gen	-	-	(2,500,054)	-
93	Tax Equalization	115	Special masters	Cash	10,000	10,000	10,000	10,000
<b>Public Safety</b>								
46	Corrections	725	2% depreciation charge	Rev	52,955	52,955	52,955	52,955
46	Corrections	200	Correctional training space	Gen	-	165,952	-	165,952
46	Corrections	200	Technical changes	-	-	-	YES	YES
46	Corrections	200	Unobligated grant funds	Gen	-	-	(558,934)	-
21	Fire Marshal	193	Approved reclassifications	PSL	4,525	4,637	4,525	4,637
21	Fire Marshal	193	PSL base correction	PSL	53,995	56,967	53,995	56,967
78	Law Enf & C.J.	199	Additional basic training class	Gen	38,284	-	38,284	-
78	Law Enf & C.J.	903	Contingency savings	Gen	-	-	YES	-
78	Law Enf & C.J.	202	Crime Victim's Reparations aid	Cash	40,000	40,000	40,000	40,000
78	Law Enf & C.J.	215	Criminal Justice I.S. projects	Gen	-	-	300,000	-
78	Law Enf & C.J.	215	Criminal Justice I.S. projects	Fed	-	-	-	200,000
78	Law Enf & C.J.	199	LB 530 Maintenance Contract	Cash	-	-	-	49,111
78	Law Enf & C.J.	150	PSL adjustment	PSL	2,828	-	2,828	-
78	Law Enf & C.J.	199	PSL adjustment	PSL	8,698	-	8,698	-
78	Law Enf & C.J.	201	PSL adjustment	PSL	2,365	-	2,365	-
78	Law Enf & C.J.	203	PSL adjustment	PSL	747	-	747	-
78	Law Enf & C.J.	215	PSL adjustment	PSL	340	-	340	-
78	Law Enf & C.J.	210	Technical Changes	-	-	-	YES	YES
31	Military	544	Technical Changes	-	-	-	YES	-
64	State Patrol	100	Community Oriented Police	Gen	-	176,814	-	176,814
64	State Patrol	100	Community Oriented Police	Fed	-	158,466	-	158,466
64	State Patrol	100	Community Oriented Police	PSL	-	233,430	-	233,430
64	State Patrol	100	Technical Changes	-	-	-	YES	YES
64	State Patrol	100	Whiteclay expenses	Gen	147,652	-	147,652	-
64	State Patrol	100	Whiteclay expenses	PSL	109,135	-	109,135	-
5	Supreme Court	52	Court reporter salaries	Gen	-	214,000	-	0
5	Supreme Court	52	Court reporter salaries	PSL	-	186,000	-	0

## Mid-Biennium Initiatives & Budget Adjustments

<b>Agy#</b>	<b>Agency Name</b>	<b>Pgm#</b>	<b>Description</b>	<b>Fund</b>	<b>FY 00 Total Request</b>	<b>FY 01 Total Request</b>	<b>FY 00 Total Recom</b>	<b>FY 01 Total Recom</b>
5	Supreme Court	67	Dakota Co. probation contract	Cash	29,813	7,736	29,813	7,736
5	Supreme Court	67	Dakota Co. probation contract	PSL	26,328	6,520	26,328	6,520
5	Supreme Court	67	Hall Co. probation contract	Cash	25,428	6,374	25,428	6,374
5	Supreme Court	67	Hall Co. probation contract	PSL	18,666	6,374	18,666	6,374
5	Supreme Court	67	Lancaster Co. probation contract	Cash	50,258	-	50,258	-
5	Supreme Court	67	Lancaster Co. probation contract	PSL	2,599	-	2,599	-
5	Supreme Court	570	Retainer fee adjustment	Gen	-	-	(400,000)	-
5	Supreme Court	67	Sarpy Co. probation contract	Cash	31,149	15,852	31,149	15,852
5	Supreme Court	67	Sarpy Co. probation contract	PSL	23,334	11,667	23,334	11,667
5	Supreme Court	52	Technical Changes		-	-	YES	-
<b>TOTALS</b>					<b>Grand Totals</b>			
					<b>Gen</b>	17,727,642	60,331,110	13,028,091
					<b>Cash</b>	2,182,164	3,011,649	2,825,314
					<b>Fed</b>	5,300,771	44,925,320	5,292,841
					<b>Rev</b>	1,560,983	2,520,094	1,305,983
					<b>Othr</b>	355,522	270,000	355,522
					<b>GRAND TOTAL</b>	27,127,082	111,058,173	22,807,751
					<b>PSL</b>	928,757	1,652,205	834,686

***Detailed Mid-Biennium  
Initiatives  
and Budget Adjustments***



## General Government

### *Energy Office, Nebraska*

The Nebraska Energy Office requested \$100,000 for FY1999-00 and \$50,000 for FY2000-01 in Cash Funds in Program 106 to correct an error in Cash Fund Authority for operations.

An error was made when the program's total cash fund appropriation was not increased to accommodate the increased amounts of \$100,000 and \$50,000 respectively, for FY1999-00 and FY2000-01, above the \$50,000 included in the FY1997-99 base appropriation for waste minimization loans projects. The error's fiscal impact results in an operations funding shortfall for statutorily mandated activities since the earmarked designated aid is reduced first from the total appropriation.

The Governor is recommending approval of this request.

The Nebraska Energy Office has requested additional Cash Fund spending authority of \$100,000 for FY1999-00 and \$150,000 for FY2000-01 in Program 106 for state aid to meet loan demand in financing waste minimization projects for business and industry. In August of 1996, The Nebraska Energy Office received \$250,000 from Department of Environmental Quality under the auspices of the Energy Office's revolving loan program with \$150,000 appropriated for FY1999-00, and \$100,000 appropriated for FY2000-01. Manufacturers have shown a great deal of interest in the low interest loans and the demand has exceeded the appropriations.

The Governor is recommending approval of this request.

### *Legislative Council*

The Legislative Council requested \$17,930 in General Funds and \$9,293 in Personal Services Limitation for FY1999-00 and \$44,864 in General Funds and \$31,986 in Personal Services Limitation for FY2000-01 in Program 504 for an additional staff position in the Ombudsman's Office.

The Ombudsman Office requested additional General Fund spending authority for one additional Assistant Ombudsman position to address the growth in the caseload of the office in recent years.

The Governor is not making a recommendation regarding the Legislature's request to add an additional Assistant Ombudsman. General Funds are available in the general fund financial status allocation for legislation, if the Legislature adds this additional position.

The Legislative Council is also requesting a transfer of \$19,477 in General Funds and Personal Services Limitation for FY1999-00 from Program 122 - Legislative Services to Program 638 - Fiscal and Program Analysis for the remaining Computable General Equilibrium Model funding and a new General Fund authority of \$40,653 with \$36,287 in Personal Services Limitation for FY2000-01 in Program 638 to continue development and operation of the CGE model.

The Legislative Council's Fiscal Office has requested authorization to fill a new Research Analyst position, and to continue development and operation of a Computable General Equilibrium Model (CGE) developed under the Review Incentives Program, in order to be consistent with the purposes as set forth in Section 77-5101, R.R.S. 1996 for analysis of state level tax incentives.

Funding of the new Research Analyst position for seven months in FY1999-00, can be offset by a like dollar reduction of \$19,477 General Funds appropriation, from Program 122.



The Governor is not making a recommendation regarding the Legislature's requested funding transfer and addition of a Research Analyst. General Funds are available in the general fund financial status allocation for legislation, if the Legislature adds this additional position.

The Legislative Council requested a transfer of Census Redistricting between Program 123 - Clerk of the Legislature and Program 126 - Legislative Research Division.

The Governor is not making a recommendation regarding the Legislature's request to transfer Census Redistricting between programs.

## **Agriculture, Environment and Natural Resources**

### ***Agriculture, Department of***

The Governor is recommending dedicating a total of \$1,055,000 at the Departments of Agriculture and Economic Development for staffing and programming for the Nebraska Value-Added Initiative in FY2000-01. At the Department of Agriculture the recommendation includes \$200,000 General Fund, \$225,000 cash funds, and \$150,000 of redirected agency funds. At the Department of Economic Development, the recommendation includes \$140,000 General Fund and \$340,000 of redirected agency funds. The Governor's recommendation includes partial year funding in FY1999-00, including \$100,000 General Funds for the Department of Agriculture and \$70,000 General Funds for the Department of Economic Development.

This effort will provide Nebraska farmers and ranchers and the related value-added processors a larger percentage of each consumer dollar spent through the expansion of value-added agricultural processing in Nebraska. Program goals are to expand Nebraska's capacity to create, recruit and develop new agricultural processing.

The Department of Economic Development's mission in this joint venture is the recruitment of new processors, retention and expansion of current processors, and development of new product ventures. The Department of Agriculture's mission is to link producers with new markets for existing or new products by focusing on marketing, exports, product development, food shows, and other areas. Collaboration will ensure that increased demand is satisfied by sufficient supply.

The State will leverage industry funds with state general funds and redirect current staff. The use of governmental programs, land crops, livestock, and agricultural organizations will be the key for Nebraska improving our national ranking in adding value to our agricultural commodities and becoming a national leader in the production of value-added agricultural products. The end result will provide producers and the related industry processors with an opportunity to effectively market their high quality products to consumers, both in the United States and around the world.

### ***Agriculture, State Board of***

The State Board of Agriculture (Fair Board) requested \$1,100,000 in General Funds and \$900,000 in Cash Funds in FY2000-01 in Program 921 for a new or expanded exhibit/event hall addition to Agriculture Hall.



The State Board of Agriculture has requested funding to expand Agriculture Hall to the west of the current building to meet trade show demand and a proposal from University of Nebraska to utilize the building in June of each year for the next 15 years as a home to one of five grading sites around the country for the Educational Testing Service (ETS) of Princeton, New Jersey; and as a test drop site if additional space can be provided.

The Governor's recommendation does not include funding for this request.

### ***Environmental Quality, Department of***

The Department of Environmental Quality (DEQ) requested \$119,966 for FY1999-00 and \$183,024 for FY2000-01 in General Funds and a decrease of \$119,966 for FY1999-00 and a decrease of \$183,024 for FY2000-01 in Cash Funds in Program 513 for cash fund shortfall.

The Department of Environmental Quality is responsible for regulation of livestock facilities through the issuance of construction and operating permits, and periodic inspections. LB 1209, 1998, authorizes a fee structure to offset a portion of the total cost of the program. Fees generated by the program have been less than originally anticipated. The agency requests that the shortfall in Cash Funds be replaced with General Funds.

The Governor is recommending approval of this request.

DEQ requested \$3,997,000 for FY2000-01 in General Funds in Program 585 for civil rights lawsuit defense.

The Department of Environmental Quality has been prohibited by a Federal District Court from using Cash Funds derived from waste generators to pay state costs of the Low-Level Radioactive Waste Program. The deficit request is for General Funds for anticipated program costs associated with the State's defense in the civil rights suit filed by several utilities and the Compact Commission. It is anticipated that during FY2000-01 activities will include trial preparation and the trial; with the trial occurring late in FY2000-01.

The Governor is recommending approval of this request.

DEQ is also requesting \$9,500 for FY1999-00 and \$70,000 for FY2000-01 in General Funds in Program 513 for increased remediation costs.

The Department of Environmental Quality (DEQ) requests the funding required to continue remediation of Superfund sites in Nebraska. The department has received increased cost estimates from the Environmental Protection Agency for the remediation of sites in Hastings, Grand Island, and Columbus. The request is to cover the non federal obligation of these sites.

The Governor is recommending approval of this request.

### ***Power Review Board***

The Power Review Board requested \$15,000 in Cash Funds in FY1999-00 and FY2000-01 in Program 72 for participation in additional industry forums.

The Power Review Board requests a \$15,000 increase in the agency travel budget for the board and staff to attend meetings, conferences, and other events pertaining to the deregulation and restructuring of the electric industry. The request also includes increases for dues to the National Association of Regulatory Utility Commissioners (NARUC), conference registrations, and lodging. As activities and debate surrounding these issues intensify, the board finds it necessary to be



represented at national forums in order to remain current on the issues, and to protect Nebraska's interests.

The Governor is recommending approval of this request.

### ***Water Resources, Department of***

The Department of Water Resources requested \$139,427 in General Funds in FY1999-00 and \$278,853 in General Funds in FY2000-01 in Program 331 for Kansas vs. Nebraska water rights litigation.

The Department of Water Resources has requested additional funds to continue the defense of Nebraska's water rights in the lawsuit filed with the U.S. Supreme Court by the State of Kansas. The requested funds will be used for case administration, development of factual and scientific information, attorney fees, and costs associated with the Special Master.

The Governor is recommending approval of this request.

The Department of Water Resources also requested \$1,500,000 in General Funds in FY2000-01 in Program 331 for Nebraska vs. Wyoming water rights litigation.

The Department of Water Resources has requested additional funding to aggressively defend Nebraska's water rights in a lawsuit filed against the State of Wyoming in 1986. After more than a decade of pre-trial motions, evidence gathering, and interim decisions by the U.S. Supreme Court, the case has been scheduled for trial in 2000 before a Special Master appointed by the U.S. Supreme Court.

The Governor is recommending approval of this request.

## **Economic Development**

### ***Abstracters Board of Examiners***

The Abstracters Board of Examiners requested \$3,593 in FY1999-00 and FY2000-01 in Cash Funds and Personal Services Limitation in Program 58 to increase the director's salary. An additional \$577 was requested in FY1999-00 to cover an anticipated shortfall in FY1999-00 PSL. FY1998-99 PSL expenditure exceeded the appropriation due to double filling of the executive director position during a transition between two directors. FY1999-00 PSL was used to cover the FY1998-99 shortfall.

The Governor is recommending approval of \$577 PSL in FY1999-00.

### ***Economic Development, Department of***

The Governor is recommending providing General Fund appropriations of \$15,000 and \$35,000 in FY1999-00 and \$35,000 and \$90,000 in FY2000-01 to the Departments of Economic Development and Labor respectively to continue financing for the Quarterly Business Conditions Survey.

The Quarterly Business Conditions Survey provides unique and timely economic information about Nebraska including revenue activity by industry type, hiring patterns, wage data by job-type and region, and other analysis. The survey is a collaborative effort between the Departments of Labor and Economic Development and the University of Nebraska-Bureau of Business Research. It had originally been funded as part of the Federal School-to-Work program but grant funds for the program have expired and replacement funding is needed to continue conducting the survey.





The Governor is recommending dedicating a total of \$1,055,000 at the Departments of Economic Development and Agriculture for staffing and programming for the Nebraska Value-Added Initiative in FY2000-01. At the Department of Economic Development, the recommendation includes \$140,000 General Fund and \$340,000 of redirected agency funds. At the Department of Agriculture the recommendation includes \$200,000 General Fund, \$225,000 cash funds, and \$150,000 of redirected agency funds. The Governor's recommendation includes partial year funding in FY1999-00, including \$100,000 General Funds for the Department of Agriculture and \$70,000 General Funds for the Department of Economic Development.

This effort will provide Nebraska farmers and ranchers and the related value-added processors a larger percentage of each consumer dollar spent through the expansion of value-added agricultural processing in Nebraska. Program goals are to expand Nebraska's capacity to create, recruit and develop new agricultural processing.

The Department of Economic Development's mission in this joint venture is the recruitment of new processors, retention and expansion of current processors, and development of new product ventures. The Department of Agriculture's mission is to link producers with new markets for existing or new products by focusing on marketing, exports, product development, food shows, and other areas. Collaboration will ensure that increased demand is satisfied by sufficient supply.

The State will leverage industry funds with state General Funds and redirect current staff. The use of governmental programs, land crops, livestock, and agricultural organizations will be the key for improving Nebraska's national ranking in adding value to agricultural commodities and becoming a national leader in the production of value-added agricultural products. The end result will provide producers and the related industry processors with an opportunity to effectively market their high quality products to consumers, both in the United States and around the world.

The Governor is recommending dedicating \$1,500,000 General Fund for the School-to-Career and Mentoring Initiative.

The Federal School-to-Work Opportunities Act (STWOA) was signed into law on May 14, 1994, providing the framework for creating School-to-Work (STW) systems in all states. Federal funding for the program has expired and \$1,000,000 General Funds is recommended to continue the program in Nebraska.

Nebraska's School-to-Work program is called School-to-Career. There are three basic program components: school-based learning, work-based learning and connecting activities. School-based learning provides students with opportunities for career exploration, instruction in both academic and vocational/technical skills, and guidance in identifying educational and occupational goals. Work-based learning consists of workplace mentoring, job training, work experiences, instruction in workplace competencies, and instruction in all aspects of the industry. Connecting activities link activities between school-based and work-based learning. Over the past four years 20 School-to-Career partnerships serving over 224,000 students and involving over 8,500 businesses have been established.

Included in this initiative is \$500,000 General Funds per year for the Nebraska Career and Mentoring Initiative. The Department of Economic Development will assist with creation and ongoing support of youth mentoring programs and may award grants under a competitive process to mentoring programs, networks or partnerships. The mentoring will focus on building structured relationships between youth and adults which offers support, guidance and education to augment, but not replace existing parental and community support available to youth.



### ***Labor, Department of***

The Governor is recommending providing General Fund appropriations of \$15,000 and \$35,000 in FY1999-00 and \$35,000 and \$90,000 in FY2000-01 to the Departments of Economic Development and Labor respectively to continue financing for the Quarterly Business Conditions Survey.

The Quarterly Business Conditions Survey provides unique and timely economic information about Nebraska including revenue activity by industry type, hiring patterns, wage data by job-type and region, and other analysis. The survey is a collaborative effort between the Departments of Labor and Economic Development and the University of Nebraska-Bureau of Business Research. It had originally been funded as part of the Federal School-to-Work program but grant funds for the program have expired and replacement funding is needed to continue conducting the survey.

### ***Public Service Commission***

The Public Service Commission requested \$3,305 for FY1999-00 and \$6,110 for FY2000-01 in General Funds in Program 14 to increase benefits related to salaries of Commissioners, as provided for in Section 75-104, R.R.S. 1996.

The Public Service Commission has requested additional General Funds for health insurance benefits due to status changes of two Commissioners in January 1999. These unexpected status changes increased the base cost of health insurance resulting in an understated appropriation for FY 1999-00 and FY2000-01 when the additional health insurance premium increases were applied to the base.

The Governor is recommending approval of this request.

## **Human Resources Development**

### ***Community College Aid***

The Governor is recommending an appropriation of \$30 million for FY2000-01 to the Community Colleges from the Relief to Property Taxpayer Cash Fund. This continues the property tax relief initiative begun last session.

### ***Coordinating Commission for Postsecondary Education***

The Coordinating Commission for Postsecondary Education (CCPE) requested an increase of \$21,000 in Personal Service Limitation for FY1999-00 in Program 640 for the LB 816 - statewide plan revision.

Postsecondary institutions want the Statewide Comprehensive Plan for Postsecondary Education to be more comprehensive than anticipated in the LB 816 fiscal note. The CCPE will reallocate funds to accommodate the expenditure, but needs additional PSL.

The Governor is recommending approval of this request.



### ***Education, Department of***

The Department of Education requested \$80,000 in General Funds in FY1999-00 and a decrease of \$80,000 in General Funds in FY2000-01 in Program 25 for National Assessment of Education Progress testing and training.

LB 144 (1999) provided \$80,000 General Funds to the Department of Education for FY2000-01 to reimburse public schools for the cost to administer the National Assessment of Educational Progress. The training to be provided to school personnel, as well as the testing, will actually occur in FY1999-00. The Department of Education has requested that the \$80,000 appropriation be transferred from FY2000-01 to FY1999-00.

The Governor is recommending approval of this request.

Education also requested \$221,625 in General Funds and \$50,000 in Personal Services Limitation in FY2000-01 in Program 25 for a consolidated school finance reporting system.

The Department of Education has requested \$221,625 General Funds in FY2000-01 for the development of a consolidated school finance reporting system. The system would be designed to maximize the use of the Internet for data collection and dissemination. In addition, a flexible format allowing policymakers and interested citizens the opportunity to search the data would be developed. Reports generated from the electronically collected data would be made available for viewing on the Internet.

The Governor's recommendation does not include funding for this request.

Education requested \$25,000 in General Funds in FY1999-00 in Program 25 for enrollment option transportation reimbursement.

The Department of Education has requested additional funding to fully fund the enrollment option transportation reimbursement program claims from the 1998-99 school year. The program reimburses school districts for the expenses schools incur for providing transportation for or reimbursing parents of low-income participants in the enrollment option program. The department reports claims totaling \$17,694 have been received from the 1998-99 school year which are in excess of the appropriation for that year. An additional number of claims are anticipated that will bring the deficit total to \$25,000.

The Governor's recommendation does not include funding for this request.

Education requested \$16,577 in General Funds, \$7,930 in Federal Funds, and \$21,285 in Personal Services Limitation in FY1999-00 in Program 25 for employee retirement costs.

The Department of Education is requesting funding and PSL for the cost of paying accrued vacation/ sick leave in FY1999-00 to two retiring employees. The additional funding would be on a one-time basis and would not become part of the agency's ongoing operating budget.

The Governor's recommendation does not include funding for this request.

Education requested \$77,900 in General Funds and \$47,500 in Personal Services Limitation in FY1999-00 and \$77,950 in General Funds and \$48,800 in Personal Services Limitation in FY2000-01 in Program 25 to provide assistance to schools with Native American students.

The Department of Education has requested additional funding to provide technical assistance to school districts in Nebraska with Native American students who attend school both on and off reservations. The Native American student population in Nebraska faces many unique cultural and educational needs. The department's request would include hiring a Native American who can instruct school personnel in these unique needs. The project would conduct staff development



workshops and disseminate information to assist districts in designing programs to effectively work with Native American students.

The Governor's recommendation includes new intent language in the appropriations bill that authorizes the Department of Education to direct existing resources for this request.

The Governor is recommending that the General Fund balance of the appropriation for the Tax Equity and Educational Opportunities Support Act existing on June 30, 2001, be reappropriated to FY2001-02. This reappropriation will direct an additional estimated \$34,000,000 General Funds for state aid to schools and will allow for continued property tax relief when the school levy limit drops to \$1.00.

### ***Educational Telecommunications Commission, Nebraska***

The Educational Telecommunications Commission and its staff have negotiated a tax-saving ten-year lease for satellite/transponder space. The savings are approximately \$700,000 per year for ten years or \$7.0 million. Any increased appropriations authority from tax funds included below comes from those savings, with a continuing overall decrease in the combined operations and capital construction budget of the Commission.

The Educational Telecommunications Commission requested \$100,000 in FY2000-01 in General Funds in Program 533 for one-third of the cost of an OC-3 ATM Circuit. The other two-thirds of the cost is shared equally by the University of Nebraska and the Department of Administrative Services.

The Governor is recommending approval of the requested \$100,000 General Funds for FY2000-01, while the agency is funding the cost of \$86,583 in FY1999-00 from vacancy savings.

The Educational Telecommunications Commission requested \$14,000 in FY2000-01 in General Funds in Program 533 for Neb\*Sat Network 3 systems upgrade - maintenance agreement. An equipment warranty and a few vacancy savings will cover this cost in FY1999-00 and FY2000-01. Therefore, the Governor's recommendation does not include funding for this request.

The Educational Telecommunications Commission requested \$218,080 in FY1999-00 in Neb\*Sat Cash Funds in Program 901 for Neb\*Sat Network 3 - System upgrades.

The Governor is recommending the \$218,080 in Neb\*Sat Cash Funds. However, the Governor's recommendation adds an initiative to this request by pledging \$1.0 million of State Building Funds over ten years and actually appropriating \$100,000 each year of the FY1999-01 biennium for the purpose of: 1) systematically replacing aging codecs, modems, interconnection equipment and peripheral equipment in Neb\*Sat Network 3 over a ten-year period; 2) expanding the point to multi-point capabilities of Neb\*Sat Network 3 by up to fifty percent by purchasing an additional multi-conference unit (MCU), codecs, modems, interconnection equipment and peripheral equipment, and increasing the quality of Neb\*Sat Network 3 by replacing technologically obsolete equipment; 3) allowing for increased staffing or consulting to promote cooperative aggregation of demand for land-based telecommunications capabilities throughout the public sector in Nebraska and to allow for possible increases in efficient costing and pricing through the consolidated efforts of NETC and the Department of Administrative Services - Communications Division; and, 4) allowing the Educational Council of the Nebraska Information Technology Commission (NITC), and the Nebraska Educational Telecommunications Commission (NETC) to recommend and establish a late



drop or drop penalty fee, in order to promote more efficient and effective usage of the Neb\*Sat System.

The Governor is also recommending that some unobligated and reallocated appropriations be allowed to be used for the above purposes along with some provisional Neb\*Sat Cash Funds.

The Educational Telecommunications Commission requested permanent statutory changes to address increased costs associated with gaining tower space rental, of \$9,973 in FY1999-00 and \$14,212 in FY2000-01 in Cash Funds in Programs 533 and 566.

The Governor is recommending an increase in Cash Fund appropriations, but no change in permanent statute.

### ***Foster Care Review Board***

The Foster Care Review Board requested \$47,322 in General Funds and \$28,536 in Personal Services Limitation for FY2000-01 in Program 116 for an additional Review Specialist.

The agency has a statutory responsibility to review the cases of all children placed in out-of-home care for longer than 6 months. With the number of state wards increasing, the Board indicates a difficulty in meeting their review responsibilities. The Board indicates it was unable to complete all required reviews last year and is facing a possible 200 additional youth being added to the caseload. The agency is requesting one additional Review Specialist, including operating costs of \$2,000 and one-time equipment costs of \$4,500. The on-going obligation would be \$42,822.

The Governor is recommending approval of this request, using \$36,200 of General Funds and \$11,122 of additional Federal Funds.

### ***Health & Human Services System***

The Health & Human Services System requested the transfer of \$82,588 in General and Cash Funds in FY1999-00 and FY2000-01 from various programs to Program 341 in Health and Human Services - Finance and Support for tuition assistance.

The tuition assistance reimbursement program has previously been administered through individual programs. The HHS System is requesting authority to move all appropriations for tuition assistance to a central program to ensure consistent administration of the benefit. The adjustments would result in a zero systemwide impact.

The Governor is recommending approval of this request.

### ***Health & Human Services***

Health and Human Services requested authority to transfer certified General Fund encumbrances in FY1999-00 from Program 346 to Program 347 in Health and Human Services - Finance and Support.

Program 346 in Agency 25 was combined with Program 347 in Agency 26 in the 1999-2001 biennial budget. The transfer is requested in order to portray an accurate accounting of FY1999-00 expenditures in Agency 26.

The Governor is recommending approval of this request.



Health and Human Services requested a decrease of \$363,170 in Cash Funds and \$541,976 in Personal Services Limitation in FY1999-00 and a decrease of \$375,876 in Cash Funds and \$556,935 in Personal Services Limitation in FY2000-01 in Program 365 to transfer the food services staff and function from Norfolk Regional Center to Norfolk Veterans' Home. An increase of \$893,149 in Cash Funds and \$541,976 in Personal Service Limitation in FY1999-00 and \$916,769 in Cash Funds and \$556,935 in Personal Services Limitation in FY2000-01 in Program 519 is also requested.

The food service operation for Norfolk facilities has been changed from having the Regional Center prepare and provide food for the Veterans Home to having the Veterans Home prepare and provide food service to both facilities. The expanded kitchen at the new Veterans Home will make this a more effective utilization of facilities and staff. Staff and accompanying PSL are being transferred from the Regional Center to the Veterans Home. Cash authority added at the Veterans Home is the net of the amount needed to provide service for both facilities and the amount which had previously been paid to the Regional Center for food service for veterans.

The Governor is recommending approval of this request.

Health and Human Services requested a decrease of \$20,849 in General Funds, \$20,848 in Federal Funds and \$29,393 in Personal Services Limitation in FY1999-00 and a decrease of \$21,351 in General Funds, \$21,350 in Federal Funds and \$29,981 in Personal Services Limitation in FY2000-01 in Program 33 to transfer a training specialist position funded in LB 1041 to Health and Human Services - Finance & Support.

LB 1041A, relating to the Adoption and Safe Families Act, appropriated funding for a training specialist in Agency 25 (Services), Program 033. The HHS System has since centralized all training functions into Agency 26 (Finance and Support), Program 341. The agency is requesting to transfer appropriation and PSL for this position to Program 341.

The Governor is recommending approval of this request.

Health and Human Services requested \$112,500 in Cash Funds in FY1999-00 and \$250,000 in Cash Funds in FY2000-01 in Program 33 for additional cash grants.

This request would raise the cash spending authority to allow the agency to utilize a Turning Point grant from the University of Washington and an award from the Robert Wood Johnson Foundation.

The Governor is recommending approval of this request.

Health and Human Services requested a transfer of \$50,860 in General Funds and \$41,016 in Personal Services Limitation in FY1999-00 and \$101,720 in General Funds and \$82,032 in Personal Services Limitation in FY2000-01 from Program 33 to Agency 20 (Regulation and Licensure), Program 177 to address the Food Stamp error rate.

The transfer of funds and PSL from Program 033, Agency 25, will allow the addition of Fraud Investigator staff in Agency 20 to detect and eliminate incorrect issuance of Food Stamp benefits.

The Governor is recommending approval of this request.

After reviewing the Juvenile Facilities Master Plan, the Governor recommends direction of \$2,200,000 of State Building Funds appropriated to Program 931 in the Department of Administrative Services for FY2000-01 to the Department of Health and Human Services for renovation of an existing facility or construction of a new building to create a Juvenile Parole Revocation Facility. Along with the State Building Fund amount, \$242,050 of federal Violent Offender Incarceration/ Truth-in-Sentencing (VOI/TIS) funds is being appropriated to complete this proposed project.





The Governor's budget includes funding for a Wilderness Camp program at the Department of Health and Human Services. The recommendation includes \$317,550 in General Funds and \$2,857,950 in federal VOI/ TIS funds for FY2000-01. The program requires an on-going estimated General Fund commitment of \$3,175,500 in subsequent years.

### ***Health & Human Services - Finance & Support***

Along with the request to transfer encumbered funds from Agency 25 (Services) Program 346 to Agency 26, HHS - Finance & Support requested that certified General Fund encumbrances in FY1999-00 be transferred from Program 349 to Program 348 within Agency 26.

Program 349, Medicaid - Long-term Care, was combined with Program 348, Medicaid, in Agency 26 in the 1999-2001 biennial budget. The transfer to Program 348 will allow an accurate accounting of FY1999-00 expenditures in Agency 26.

The Governor is recommending approval of this request.

HHS - Finance & Support requested \$20,849 in General Funds, \$20,848 in Federal Funds, and \$29,393 in Personal Services Limitation in FY1999-00; and, \$21,351 in General Funds, \$21,350 in Federal Funds, and \$29,981 in Personal Services Limitation in FY2000-01 in Program 341 to transfer training a specialist from LB 1041 to HHS - Finance & Support. The transfer will centralize all staff training under one program.

The Governor is recommending approval of this request.

HHS - Finance & Support requested \$1,300,000 in Cash Funds in FY1999-00 and FY2000-01 Program 514 to account for increased WIC rebate revenue.

The WIC Program receives rebates from an infant formula manufacturer. Due to increasing prices, rebate amounts are up. The program requires the expenditure of cash rebates first and then federal funds. The added cash authority will allow the expenditure of the additional rebate amounts.

The Governor is recommending approval of this request.

HHS - Finance & Support requested \$337,761 in Personal Services Limitation in FY1999-00 and \$348,823 in Personal Services Limitation in FY2000-01 in Program 341 for Medicaid Management Information Service (MMIS) PSL left out of the appropriation.

An increase in PSL is requested to reflect staff added during the last legislative session to implement federally mandated MMIS changes.

The Governor is recommending approval of this request.

HHS - Finance & Support requested \$1,300,000 in General Funds for FY1999-00 and \$310,000 in General Funds for FY2000-01 in Program 341 to replace lost federal funds in child support administration - CHARTS.

The addition of General Fund is requested to replace federal funds lost due to non-conforming legislation and new federal systems requirements for a State Disbursement Unit (SDU) for Child Support payments. Legislation was enacted last session, but it was too late to prevent the loss of federal funds for FY1999-00. The penalty for FY2000-01 will be reduced to \$310,000 if the state is able to come into compliance with federal regulations by September 30, 2000.

The Governor is recommending approval of this request.



HHS - Finance & Support requested \$3,650,000 in General Funds and \$2,000,000 in Federal Funds in FY1999-00 and \$3,400,000 in General Funds in FY2000-01 in Program 347 for public assistance - child care.

The System is projecting a General Fund shortfall in Budget Program 347, Public Assistance. The Child Care portion of that deficit is estimated at \$13.4 million in FY1999-00 and \$14.9 million in FY2000-01. The number of children for which child care assistance is provided has grown by 35% from FY1997-98 to FY1998-99. The prediction for FY1999-00 would be a 15% increase over FY1998-99. Factors contributing to this growth include: statewide implementation of Welfare Reform; an administrative change instituted in 1998 which expanded eligibility for child care assistance to all families earning less than 185% of the federal poverty level; and, an increasing awareness of the program associated with the marketing effort for Kids Connection, the children's health insurance program.

To partially address the deficit situation, the agency proposes to utilize \$9 million of TANF block grant funds saved due to decreased ADC payments for the FY2000 deficit and an anticipated \$10 million savings for the FY2000-01 deficit. Another cost containment proposal calls for review of child care claims for accuracy prior to payment. Projected savings of \$750,000 in FY1999-00 and \$1.5 million in FY2000-01, combined with use of the TANF dollars, reduce the deficit request to \$3.65 million in FY1999-00 and \$3.4 million in FY2000-01.

The Governor is recommending approval of this request.

HHS - Finance & Support requested \$4,150,000 in General Funds and \$1,750,000 in Federal Funds for FY1999-00 and \$6,800,000 in General Funds and \$1,000,000 in Federal Funds for FY2000-01 in Program 347 for public assistance - child welfare.

The increase in Child Welfare costs, a part of Program 347, is estimated to have an impact of \$5.9 million in FY1999-00 and \$7.8 million in FY2000-01. The increase in Child Welfare spending reflects a 15% growth in the number of state wards over the last 18 months, a much higher rate than anticipated.

The Department is proposing some cost containment efforts to lessen the impact of the increased system utilization. Retroactive claims for services for developmentally disabled waiver services will be billed to Medicaid, with a one-time savings to Child Welfare of \$750,000 in FY1999-00. On-going increased efforts to identify IV-E and Medicaid-eligible services for additional federal billings are projected to reduce the General Fund impact by an additional \$1 million annually.

The Governor is recommending approval of this request.

HHS - Finance & Support requested \$2,600,000 in General Funds in FY1999-00 and \$4,000,000 in General Funds in FY2000-01 in Program 347 for public assistance.

In addition to Child Care and Child Welfare, shortfalls are projected in the State Disability Medical, Job Support, and State Supplement assistance programs.

The Governor is recommending approval of this request.

HHS - Finance & Support requested \$2,400,000 General Funds and \$3,734,969 Federal Funds in FY1999-00 and \$30,000,000 General Funds and \$45,958,982 Federal Funds in FY2000-01 to address shortages in the Medicaid program, related to issues such as a decrease in the Federal Financial Participation rate, increases in prescription drug costs, higher contractual costs, and increased Medicaid utilization.

The Governor is recommending approval of this request.





HHS - Finance & Support requested a transfer of \$2,000,000 in Cash Funds and \$5,304,602 in Federal Funds in FY1999-00, and \$2,000,000 Cash Funds and \$5,304,602 Federal funds in FY2000-01 from Program 344, Children's Health Insurance to Program 348, Medicaid.

Projections for the number of children who would enroll in the Children's Health Insurance Program who were Medicaid eligible did not adequately anticipate the amount in services which would be needed to serve these children. This request would utilize some of the unneeded cash and federal funds appropriated to Program 344 for the Title XXI program to help meet the shortfall in Title XIX Medicaid, Program 348.

The Governor is recommending approval of this request.

### ***Health & Human Services - Regulation & Licensure***

Health & Human Services - Regulation & Licensure requested \$15,000 in Cash Funds in FY1999-00 and \$15,000 in Cash Funds in FY2000-01 in Program 177 for critical incident stress management.

The Critical Incident Stress Management team is offering classes to other state agencies and outside entities. A fee is charged for these classes. The additional cash spending authority would allow use of these cash funds for related expenses.

The Governor is recommending approval of this request.

HHS - Regulation & Licensure requested \$40,000 in FY1999-00 and FY2000-01 in General Funds in Program 177 for lead-based paint certification.

LB 863 was passed in 1999, which required HHS - Regulation & Licensure to provide for lead-based paint certification. Due to a timing technicality, an A-bill to cover the anticipated revenues and expenditures associated with this certification program was not passed. The increase in cash spending authority will allow expenditure of the fees anticipated from this program.

The Governor is recommending approval of this request.

HHS - Regulation & Licensure requested \$68,969 in FY1999-00 and \$87,287 in FY2000-01 in Personal Services Limitation in Program 177 for an increase in PSL for water specialist staff.

An increase in PSL is requested for water specialist staff added during the last legislative session but for which PSL was inadvertently omitted.

The Governor is recommending approval of this request.

HHS - Regulation & Licensure requested \$134,319 in FY1999-00 and \$138,718 in FY2000-01 in Personal Services Limitation in Program 177 for PSL increases for child care licensing.

An increase in PSL is requested to reflect staff added in the transfer of Child Care Licensing from HHS - Services to HHS - Regulation and Licensure. The staff addition was authorized, but the PSL was overlooked in the transfer.

The Governor is recommending approval of this request.

HHS - Regulation & Licensure requested \$50,860 in FY1999-00 and \$101,720 in FY2000-01 in General Funds and \$41,016 in FY1999-00 and \$82,032 in FY2000-01 in Personal Services Limitation in Program 177 for food stamp reinvestment.

The Federal Government has required an amount of General Fund dollars be spent on an approved plan to reduce the Nebraska Food Stamp Error Rate. The requested transfer of General



Funds and PSL from Program 033, Agency 25, would add three Fraud Investigator staff to Program 177 to detect and eliminate incorrect issuance of Food Stamp benefits.

The Governor is recommending approval of this request.

### ***Historical Society, Nebraska State***

The Historical Society requested \$2,000 in General Funds in FY1999-00 in Program 648 to fund the placement of a historical marker at Fort Robinson.

During the 1999 legislative session \$2,500 was appropriated to erect a historical marker to commemorate the role of the Cheyenne Tribe in the history of Fort Robinson. The new contract award procured by State Purchasing for the period September 1, 1999, through August 31, 2001, indicates the new cost for the marker is \$4,500, a \$2,000 increase over the appropriation authorized by the Legislature. The Nebraska State Historical Society is requesting \$2,000 General Funds to enable them to erect the historical marker as directed by the Legislature.

The Governor is recommending approval of this request.

The Historical Society also requested \$84,696 in General Funds in FY2000-01 in Program 954 for costs related to design/development of headquarters renovation project.

The Historical Society is requesting that the requirement of a dollar-for-dollar private match for the renovation of the Historical Society headquarters building be eliminated. Elimination of the private match requirement would initially include the need to appropriate additional State Building Funds in FY2000-01 to the Historical Society for design/development of the headquarters renovation project.

The Governor's recommendation does not include funding for this request.

The Historical Society requested \$164,000 in General Funds in FY2000-01 in Program 648 for the lease of space at the Lincoln Children's Museum.

The Nebraska State Historical Society has requested \$164,000 General Funds in FY2000-01 to relocate the Archeology Division to the future site of the Lincoln Children's Museum. The site is close in proximity to the Museum of Nebraska History and would provide additional office and storage space. The Historical Society has indicated \$139,000 will be necessary for rent and an additional \$25,000 for the estimated utility expenses.

The Governor's recommendation does not include funding for this request.

### ***State College System, Nebraska***

The Board of Trustees of the Nebraska State Colleges requested State General Funds for various types of security personnel at the three State Colleges, along with security equipment at one State College Campus. The Governor's recommendation does not include State General Funds for the positions or the equipment since these requests were not a top priority of the Board last year, and there do not appear to be immediate emergencies. However, the Governor's recommendation does include advisory language in his deficit bill which allows the Board to allocate a proportional share of revolving funds and cash balances toward the funding of any or all of the requested positions, related operating costs, and equipment.

The Board of Trustees also requested State General Funds for fire and life safety related projects on each campus including hazardous materials abatement in the Ramsey Theatre at Wayne State



College, hazardous materials abatement in four buildings (Physical Plant/ Campus Services, Old Gymnasium, the current Library, and Hoyt Science Hall) at Peru State College, and demolition and replacement of the Maintenance Building at Chadron State College. Realizing that the Maintenance Building at Chadron was a high priority of the Board last session, and the fact that the Coordinating Commission for Postsecondary Education had not approved the project until recently, the Governor is recommending \$27,910 State Building Fund in FY2000-01 for additional planning through design development. Also, realizing that the Hoyt Science Hall project is a very necessary State Building Fund project at Peru, the Governor is recommending one-half of the State Building Fund requested for hazardous material abatement in the building; it is intended that the other one-half come from project savings, private donations, or cash fund balances. The Ramsey Theatre Project at Wayne and the Physical Plant/ Campus Services Building at Peru are LB 1100/ Student Facilities Fee projects and should not receive State Building Funds because the Board may reallocate such funds for these projects to cover such necessary costs as it sees fit since LB 1100 did not specify a specific list of projects which had to be completed in their entirety. The Old Gymnasium and the current Library Projects are not fully designed, are not close to being bid, and are not under construction. They can be addressed next session after design is finalized and costs have benefitted from further review.

The Board requested \$20,000 in General Funds for a sewage pump at Peru. This can be funded from equipment allocations or vacancy savings, and therefore the Governor's recommendation does not include funding for this request. The Governor's recommendation does include a reduction in cash fund reappropriation in Program 927, as requested.

The Governor is also recommending that a total of \$134,900 State General Funds be reduced from the State College Board's budget in FY1999-00. This action is taken because the Department of Administrative Services cannot bill the Board for the two-percent depreciation charge as envisioned in LB 880, because the Miller Hall project at Chadron and the Connell Hall project at Wayne were not substantially complete on June 30, 1999, as required by statute.

### ***University of Nebraska System***

The Board of Regents of the University of Nebraska requested \$3,123,647 in FY1999-00 and \$5,448,297 in FY2000-01 in General Funds in Program 781 for employee health care costs. The request is part of a four-year plan to improve the financial condition of the University Self-Insurance Health Care Trust Fund.

The Governor is recommending one-half of the \$8.5 million request, after reducing it to approximately \$8.0 million by using some revolving fund and trust fund revenues which may be used to offset the State General Fund deficit request. The recommendation includes \$2.0 million State General Funds in FY1999-00 and \$2.0 million State General Funds in FY2000-01 to help improve the financial condition of the University Health Care Trust Fund, and to reduce the potential impact of increased health care premiums on University employees.

The University has requested a number of technical changes in the fund designations for capital construction programs and a number of changes in capital construction program reappropriations and lapses. Since these requests do not impact the State Building Fund and since these requests also aid in the efficient state-level administration and record keeping on construction programs, they are included in the Governor's recommendation.



The Governor is also recommending a reduction of \$395,755 in State General Funds for the University in FY1999-00. This is related to the two percent depreciation charge which was appropriated for the Institute for Science, Technology, and Engineering in Omaha and for the Livestock Teaching Facility at Curtis. The Department of Administrative Services cannot bill for this depreciation charge because the projects were not substantially complete on June 30, 1999, as required by statute.

## Public Finance

### *Administrative Services, Department of*

The Department of Administrative Services - Accounting Division requested \$263,028 in FY1999-00 and \$263,028 in FY2000-01 in revolving funds in Program 567 for Accounting Division printing and computer maintenance.

DAS - Information Management Services revised the methodology used to bill clients for printing reports and warrants. Agencies are now billed based on the number of pages rather than the number of printed lines, which had the impact of shifting significantly more costs through the pass-through revolving fund rather than directly to state agencies.

This request also has the effect of continuing the same level of computer maintenance programming in the Accounting Division as four years ago.

The Governor is recommending approval of this request.

The Department of Administrative Services - Building Division requested \$49,111 in FY2000-01 in revolving funds and \$31,870 in Personal Services Limitation in FY2000-01 in Program 560. Three maintenance and custodial staff people will be hired sooner than originally anticipated at Grand Island's Law Enforcement Training Center. The positions will be phased in during 2001 and become full time in FY2002.

The new construction portion of the training center and renovation project is scheduled for completion in the fall of 2000. The remodeling of the existing building will continue through May 2001 and the entire combined new facility is expected to be operational by July 1, 2001.

Additional maintenance staffing is required before the full completion date, due to the extensive remodeling that is occurring and the move of both the existing cafeteria and administration area to the new facility while the rest of the remodeling takes place. Additionally, with the new facility intended to be operational by July 2001, some lead-time for the new maintenance staff to learn the new facility and ensure the transition goes smoothly is needed. The program statement included these new positions.

The Governor is recommending approval of this request.

The Department of Administrative Services - Building Division requested revolving fund appropriation reductions and funding shifts based on the decision to forego purchase of the Executive Building and parking lot. An appropriation of \$218,242 in the capital program 920 for building payments will be transferred to the operating program 560 for rent. Appropriation of \$565,000 will not be needed to purchase the parking lot and \$12,157 PSL will not be needed to finance maintenance staff.

The Governor is recommending approval of this request.



The Department of Administrative Services - Materiel Division requested \$1,300,000 in FY1999-00 and \$1,300,000 in FY2000-01 of revolving fund pass-through authority in Program 171 for the master postage by phone system and the automated mail lease/maintenance agreement.

The Master Postage System centralizes all state agency mail meter billings through the Materiel Division and automates certain processes for replenishing deposits. Currently, each agency has its own meter and is individually responsible for establishing a mail deposit and making payments.

There are many advantages. The state can improve cash management by allowing funds to be kept in State interest bearing accounts instead of prepaid postage accounts with the Post Office. Staff time to request funds, fill out disbursement documents, and physically remove meters and take them to the post office have been alleviated. Also, costs to process documents and print multiple warrants each month have been eliminated. Instead, DAS-Materiel makes an electronic payment each month for all meters and bills agencies through existing procedures.

The statewide automated equipment lease/maintenance agreement coordinates the leasing of all state mailing equipment. It is estimated that the state will save approximately \$2,000 per mail machine over the 51-month contract period.

The Governor is recommending approval of this request.

The Department of Administrative Services - Materiel Division requested \$510,000 in FY1999-00 and \$855,000 in FY2000-01 in revolving funds in Program 171 for consolidation of all State accounts for subscriptions, classified ads and legal notices published in the Omaha World Herald and Lincoln Journal Star newspapers into one state account. The consolidation is expected to save at least \$100,000 per year.

The Governor is recommending partial approval of this request.

The Department of Administrative Services requires appropriation increases to purchase and install an enterprise-wide information system called the Nebraska Information System. The Department is requesting \$5,455,250 Cash Funds and \$1,000,000 General Funds in FY2000-01 in Program 625.

The Department of Administrative Services contracted with Independent Professional Management (IPM) to conduct a critical design review assessment to examine the need, requirements and cost-benefits of investment in a Enterprise Resource Planning information system. IPM recommends that the State invest in such a system.

There are significant gains expected from investment in the system in the areas of accounting, budgeting, purchasing, payables, revenue and grant management, fixed asset management, payroll and benefits, FTE management and other areas. Cost savings are anticipated due to various efficiencies.

The Governor is recommending approval of this Department initiative.

The Department of Administrative Services - Transportation Services Bureau requires a revolving fund appropriation increase of \$55,000 in Program 180 to provide ongoing maintenance of eleven vehicles at \$5,000 per vehicle. Eight vehicles will be used by the Department of Correctional Services at the new McCook work camp and three vehicles will be used by the Department of Property Assessment and Taxation associated with the acquisition of property tax assessment functions at Greeley and Hitchcock counties.

The Governor is recommending approval of this item.



The Governor is recommending shifting \$157,330 of General Fund appropriation to cash funds in the Tort Claims Program 591 to draw down on a temporary excess balance in the Tort Claims Cash Fund.

### ***Property Assessment & Taxation, Department of***

The Department of Property Assessment & Taxation requested \$404,124 in General Funds and \$211,621 in Personal Services Limitation in FY2000-01 in Program 112 for takeover of county assessment duties.

The county boards of Greeley and Hitchcock counties have voted to turn over their property tax assessment functions to the Department of Property Assessment and Taxation. The relevant amounts for the counties are: Greeley - \$172,342 and Hitchcock - \$231,782. The request assumes that current county employees performing these functions will become State employees.

The Governor is recommending approval of this request.

### ***Public Employees Retirement Board***

The Public Employees Retirement Board requested \$12,000 in Personal Services Limitation in FY1999-00 and \$65,381 in Cash Funds and \$141,246 in Personal Services Limitation in FY2000-01 in Program 41 for a technology project.

The Retirement Board is asking for additional PSL and funds for a comprehensive technology project that will take about five years to complete. The amounts requested for the current biennium are net of agency savings in several areas; the total cost of the project will not be known until bids are requested during FY2000-01.

The Governor's recommendation does not include funding for this request.

The Retirement Board is also requesting \$36,852 in FY1999-00 and \$54,844 in Cash Funds in FY2000-01 in Program 41 for office relocation.

The agency is working with the Building Division of the Department of Administrative Services to secure additional office space related both to their proposed technology project and to increased workloads.

The Governor's recommendation does not include funding for this request.

The Retirement Board requested a decrease of \$2,400 in FY1999-00 and a decrease of \$150,359 in General Funds for FY2000-01 in Program 515 for funding of defined benefit plans.

Retirement is reducing their estimate of the amount of General Funds needed to fund the 7/10 of 1% component of the School Retirement Plan. The estimate made at the time of the budget request for the current biennium has been found to be excessive; the agency has made new estimates for both years of the biennium.

The Governor is recommending approval of this request.





### ***Revenue, Department of***

The Department of Revenue has reviewed the claims for the homestead exemption program for FY1999-00 and estimates that the current appropriation may be reduced by \$2,500,054. This is not a change in the scope of the program, but reflects a change in the estimated number of participants and the level of their property taxes.

The Governor is recommending approval of this reduced appropriation for FY1999-00. The appropriation for FY2000-01 is not reduced.

The Governor is recommending providing \$167,202 General Fund for staff auditors and other implementation costs associated with the Rural Economic Opportunities (REO) Initiative. See Governor's Initiatives for additional information regarding the Rural Economic Opportunity Act.

### ***Tax Equalization & Review Commission***

The Tax Equalization & Review Commission requested \$10,000 in Cash Funds in FY1999-00 and FY2000-01 in Program 115 for cash flow.

The agency received additional cash spending authority in the last session of the legislature but did not make use of that authority before the end of the fiscal year. The additional authority will allow the agency to use the appropriate source of funds to pay for hearings outside of Lincoln.

The Governor is recommending approval of this request.

## **Public Safety**

### ***Correctional Services, Department of***

The Department of Correctional Services requested \$52,955 in FY1999-00 and \$52,955 in FY2000-01 in revolving funds in Program 725 for LB 1100 building depreciation costs.

Corrections received notification from the DAS-Building Division that it is subject to the 2% building depreciation charge to be paid to the Building Renewal Task Force. The assessment is related to acquisition and conversion of the former Sutherlands property into the new industries warehouse and office space, as previously approved by the Legislature.

The Governor is recommending approval of this request.

The Department of Correctional Services requested \$165,952 in FY2000-01 in General Funds in Program 200 to lease necessary training space for the agency on the Whitehall Campus.

There is an immediate necessity to train additional department personnel, including new staff for the McCook Incarceration Work Camp and the Tecumseh Correctional Center. The need for additional training capacity within the agency corresponds with the growing offender population during the last decade. This budget request would utilize existing state building space that will be freed up this year at Whitehall to relocate and expand the current training division. This will avoid the need to construct a new corrections training facility in the near future.

The Governor is recommending approval of this request.



### ***Fire Marshal, State***

The State Fire Marshal's Office requested \$53,995 in FY1999-00 and \$56,967 in FY2000-01 for Personal Services Limitation in Program 193 to correct a PSL base shortage.

This PSL base correction was identified by the agency prior to the end of the 1999 legislative session. Due to timing considerations last year, it was decided to address this issue in the 2000 legislative session.

The Governor is recommending approval of this request.

The Fire Marshal's Office also requested \$4,525 in FY1999-00 and \$4,637 in FY2000-01 for Personal Services Limitation in Program 193 for approved reclassifications.

A reclassification of three positions was completed by State Personnel. The agency is requesting an adjustment in the personal services limitation to correspond with the reclassifications. The agency is not requesting additional appropriations to cover this request, however.

The Governor is recommending approval of this request.

### ***Law Enforcement and Criminal Justice, Nebraska Commission on***

The Nebraska Commission on Law Enforcement and Criminal Justice (Crime Commission) requested \$2,828 in Personal Services Limitation in FY1999-00 in Program 150; \$8,698 in Personal Services Limitation in FY1999-00 in Program 199; \$2,365 in Personal Services Limitation in FY1999-00 in Program 201; \$747 in Personal Services Limitation in FY1999-00 in Program 203; and \$340 in Personal Services Limitation in FY1999-00 in Program 215.

The Governor is recommending approval of this request.

The Crime Commission is also requesting \$38,284 in General Funds in FY1999-00 in Program 199 for an additional basic training class.

The Law Enforcement Training Center normally conducts four basic training classes each fiscal year, with a maximum of 40 students per class. As of October 1999, the waiting list for the January 2000 basic training class is 82 students. State Statute 81-1414 requires newly appointed law enforcement officers to receive basic training within one year from the date of their appointment. The Training Center proposes to address the backlog of basic students by increasing the size of the January 2000 and July 2000 basic classes to 60 students each. The major cost item is meals, with additional costs for hiring adjunct instructors on a contractual basis.

The Governor is recommending approval of this request.

The Crime Commission requested \$40,000 in FY1999-00 and \$40,000 in FY2000-01 in Cash Funds in Program 202 for Crime Victims' Reparations Aid.

A deficit is requested in the cash fund for the Crime Victims' Reparations program. Cash revenues are generated from restitution payments and 5% of inmate wages from federally certified correctional industry programs.

The Governor is recommending approval of this request.

The Governor has recommended a \$300,000 General Fund increase in FY1999-00 and a \$200,000 Federal Fund increase in FY2000-01 to support criminal justice information systems projects identified by the Crime Commission and the Nebraska State Patrol.





### ***State Patrol, Nebraska***

The Nebraska State Patrol requested \$147,652 in General Funds and \$109,135 in Personal Services Limitation in FY1999-00 in Program 100 for Whiteclay expenses.

The Nebraska State Patrol incurred significant expenses while providing law enforcement services and public protection in and around the town of Whiteclay, Nebraska during the summer of 1999. Additional funds are being requested as a result of higher than anticipated expenses for overtime and other expenses incurred during this time period.

The Governor is recommending approval of this request.

Nebraska State Patrol is also requesting \$176,814 in General Funds, \$158,466 in Federal Funds, and \$233,430 in Personal Services Limitation in FY2000-01 in Program 100 for Community Oriented Police Services.

State funds are being requested to provide matching amounts for a Community Oriented Police Services (COPS) Universal Hiring Program (UHP) grant which has been awarded to the Nebraska State Patrol. The three-year federal award will allow for the deployment of six officers to a community policing function. Six additional officers would be hired in the next recruit officer training class in the upcoming year. The General Fund share amount will support the remaining salary, equipment, and training costs not funded by the federal grant in FY2000-01.

The Governor is recommending approval of this request.

The Nebraska State Patrol has also applied for a federal highway safety grant that will fund an additional six troopers. The Governor will seek additional State funding if federal support is not made available for this purpose.

### ***Supreme Court***

The Supreme Court requested \$50,258 in Cash Funds and \$2,599 in Personal Services Limitation in FY1999-00 in Program 67 for a probation contract with Lancaster County.

Lancaster County has contracted with State Probation to provide probation supervision services and electronic monitoring in an effort to divert select juveniles from the Lancaster County Attention Center, thereby reducing local costs of detention.

The Governor is recommending approval of this request.

The Supreme Court is also requesting \$31,149 in Cash Funds and \$23,334 in Personal Services Limitation in FY1999-00 and \$15,852 in Cash Funds and \$11,667 in Personal Services Limitation in FY2000-01 in Program 67 for a probation contract with Sarpy County.

Sarpy County plans to contract with State Probation in order to hire a drug court coordinator to facilitate Sarpy County Juvenile Court's endeavor to establish a Drug Court for select juvenile offenders. The cost of the contract will cover the salary of the drug court coordinator and travel expenses.

The Governor is recommending approval of this request.

The Supreme Court requested \$29,813 in Cash Funds and \$26,328 in Personal Services Limitation in FY1999-00 and \$7,736 in Cash Funds and \$6,520 in Personal Services Limitation in FY2000-01 in Program 67 for a probation contract with Dakota County.



Dakota County has authorized an extension to an existing contract with State Probation to provide juvenile intake and coordination services. This contract will fund the salary of a juvenile intake officer, mileage, and a limited amount in electronic monitoring costs.

The Governor is recommending approval of this request.

The Supreme Court requested \$25,428 in Cash Funds and \$18,666 in Personal Services Limitation in FY1999-00 and \$6,374 in Cash Funds and \$6,374 in Personal Services Limitation in FY2000-01 in Program 67 for a probation contract with Hall County.

Hall County plans to contract with State Probation to provide juvenile intake and coordination services. The contract will fund the salary of a juvenile intake officer and travel costs.

The Governor is recommending approval of this request.

The Supreme Court requested \$214,000 in General Funds and \$186,000 in Personal Services Limitation in FY2000-01 in Program 52 for District Court Reporter salary adjustments.

The Supreme Court is in the process of working on a longer term salary proposal to address the salary level of district court reporters. In the interim, the court requests sufficient funds to raise the salaries of the 62 official court reporters in the Nebraska system by \$3,000 each per year.

The Governor's recommendation does not include funding for this request.

The Governor has recommended a \$400,000 General Fund reduction in FY1999-00 relating to one-time retainer fee savings in the court automation budget of the Supreme Court.

# *Appendices*

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| 86 Dry Bean Commission                                 | 36 Racing Commission                        |
| 72 Economic Development, Department of                 | 90 Railway Council, Nebraska                |
| 13 Education, Department of                            | 53 Real Estate Appraiser Board              |
| 32 Educational Lands & Funds, Board of                 | 41 Real Estate Commission                   |
| 47 Educational Telecommunications Commission           | 16 Revenue, Department of                   |
| 30 Electrical Board, Nebraska                          | 27 Roads, Department of                     |
| 58 Engineers & Architects                              | 95 Rural Development Commission             |
| 84 Environmental Quality, Department of                | 09 Secretary of State                       |
| 67 Equal Opportunity Commission                        | 50 State College System                     |
| 60 Ethanol Board                                       | 38 Status of Women                          |
| 66 Examiners Abstracters, Board of                     | 05 Supreme Court                            |
| 21 Fire Marshal, State                                 | 93 Tax Equalization & Review Commission     |
| 70 Foster Care Review Board                            | 12 Treasurer, State                         |
| 33 Game & Parks Commission                             | 51 University of Nebraska System            |
| 59 Geologists, Board of                                | 28 Veterans' Affairs, Department of         |
| 07 Governor  | 29 Water Resources, Department of           |
| 92 Grain Sorghum Board                                 | 56 Wheat Board, Nebraska                    |
| Health & Human Services System                         | 37 Workers' Compensation Court              |
| 25 Health & Human Services                             |   |
| 26 Health & Human Services—Finance & Support           |   |
| 20 Health & Human Services—Reg. & Licensure            |   |
| 54 Historical Society, Nebraska State                  |   |
| 76 Indian Commission, Nebraska                         |   |
| 77 Industrial Relations, Commission of                 |   |
| 22 Insurance, Department of                            |   |
| 75 Investment Council                                  |   |
| 23 Labor, Department of                                |   |
| 62 Land Surveyors                                      |   |
| 73 Landscape Architects                                |   |
| 78 Law Enforcement, NE Commission on                   |   |
| 03 Legislative Council                                 |   |

# **Department of Administrative Services**

## **Budget Division**

Gerry A. Oligmueller, State Budget Administrator

### **Budget Analysts and Their Agency Assignments**

Jean Dale - Health & Human Services - Regulation & Licensure, Health & Human Services, Health & Human Services - Finance & Support, Foster Care Review Board

Lyn Heaton - Arts Council, Education, Commission for the Deaf and Hard of Hearing, Historical Society, Indian Affairs Commission, Library Commission, Mexican American Commission, Status of Women Commission, Veterans' Affairs

Elton Larson - Agriculture, Brand Committee, Commodity Boards, Educational Lands & Funds, Environmental Quality, Ethanol Board, Natural Resources, Oil & Gas Commission, Power Review Board, Water Resources

Patrick McCormally, Deputy Budget Administrator - Public Employees Retirement Board, Investment Council, Property Assessment & Taxation, Racing Commission, Revenue Department, State Treasurer, Tax Equalization & Review

Brendon Polt - Abstracters, Administrative Services, Banking, Barber Examiners, Economic Development, Engineers & Architects, Geologists, Insurance, Labor, Landscape Architects, Land Surveyors, Liquor Control, Public Accountancy, Real Estate Commission, Real Estate Appraiser Board

Rich Robinson - Attorney General, Board of Pardons, Commission on Public Advocacy, Correctional Services, Crime Commission, Electrical Board, Equal Opportunity Commission, Fire Marshal, Industrial Relations, Military, State Patrol, Supreme Court, Workers' Compensation Court

David Spatz - Accountability & Disclosure Commission, Aeronautics, Auditor of Public Accounts, Game & Parks Commission, Governor, Legislative Council, Lieutenant Governor, Motor Vehicles, Motor Vehicle Licensing Board, Public Service Commission, Railway Council, Roads, Secretary of State, State Board of Agriculture

David Wagaman - Community Colleges, Coordinating Commission for Postsecondary Education, Educational Telecommunications Commission, State College System, University of Nebraska System

### **Support Staff**

Betty Hladky, Administrative Assistant  
Ellen Schneider, Secretary